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The Washington Monthly

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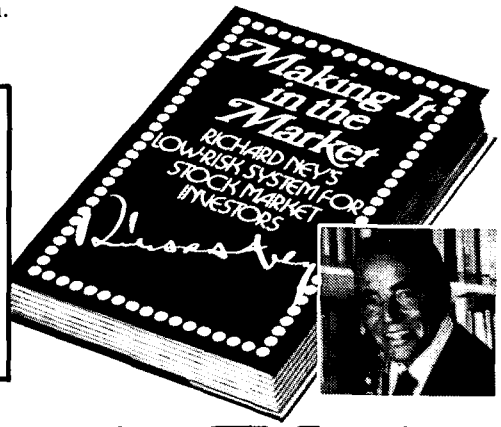

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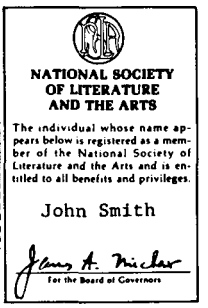

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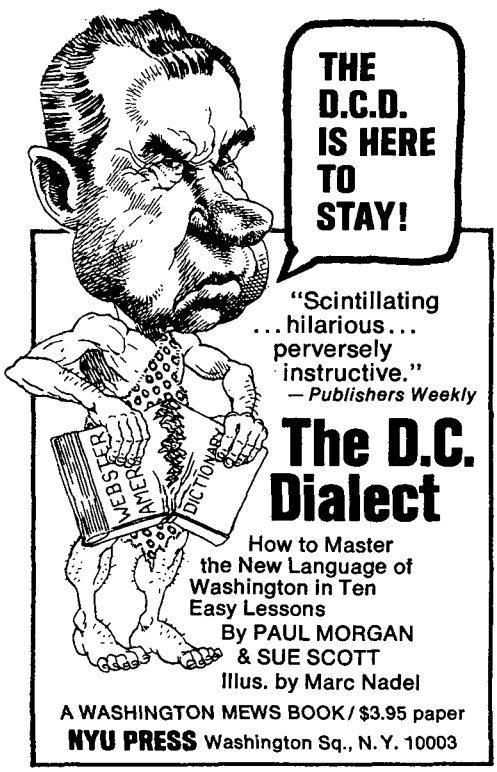

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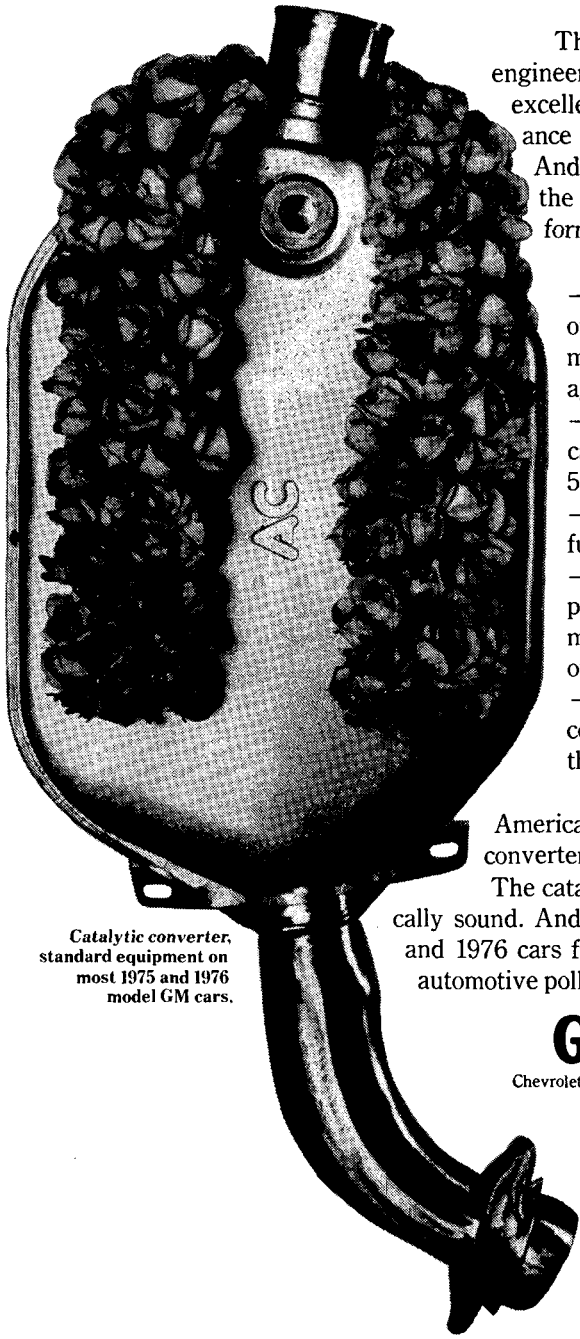

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NASA (That's Right, NASA) Is a Good Thing

by Tom Bethell

Shortly after the Apollo 11 flight carried men to the moon for the first time, in July 1969, James Clayton, a *Washington Post* staff writer, wrote a column entitled "Public Relations Dream." "The flight of Apollo 11 was a public relations man's and a reporter's dream," he wrote. "Never before have so many people seen, heard and read about a single event in such great detail."

As with much else that has been written about the space program, these observations, after the passage of a few years, have assumed a surprising air of false prophecy. A public relations dream? Today, for reasons that are not at all immediately obvious, the space program appears to have been in many respects—and especially as far as the liberal opinion-making axis is concerned—a monumental public relations failure.

As if to underscore this, three days after Clayton's column appeared in the *Post*, John W. Finney wrote in *The New York Times*, under the headline "Apollo's Success May Bring Fund Cut":

"In a Congress increasingly preoccupied with problems on earth, the success of the Apollo moon landing has generated little enthusiasm for bold new ventures in space.

"Instead of inciting new Congressional interest in space programs, the very success of the Apollo 11 mission seems to have enhanced the interest in some Congressional quarters in cutting the $3.7-billion civilian space budget." Finney quoted Senator Mike Mansfield making a comment that typified the mood at that time. "There are problems on planet earth that must be faced up to," Mansfield said.

One need hardly add that this mood has prevailed throughout the past six years, up to and including this summer's Apollo-Soyuz Test Project, the handshake across space with the Russians. For years the space program had acres of blandly favorable cover-

Tom Bethell is an editor of The Washington Monthly.

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age, and long uncritical hours devoted to it by television, and perhaps partly because of this blandness, the public began to turn against the space program. Partly also, as astronaut Michael Collins has said, there is a "Super Bowl syndrome" at work here. The first moon landing was, as it were, Super Bowl, and then they just kept playing the same Super Bowl over and over again. Largely as a result of these attitudes, the last four of the eleven planned lunar landings were canceled; a projected moon base never got off the drawing boards; the idea of manned flights to the planets, which many people assumed would follow soon after the moon program, never got much further than an enthusiastic endorsement from Vice President Spiro Agnew, which was promptly ridiculed.

Today there are no further manned space flights planned by the United States until 1980, when astronauts will be aboard the earth-orbiting Space Shuttle. (What the Space Shuttle will be shuttling is not entirely clear, although the possibility exists that the space program could ultimately solve the energy crisis. The sun radiates enormous energy, and it will probably be feasible to collect this energy with large mirrors in space and then relay it to earth by microwave.) Next year, if all goes according to plan, the Viking space craft currently heading out from the earth will land on Mars, on July 4, 1976, and conduct some ingenious computerized experiments to determine if there is now, or has ever been, life on Mars. The possible implications of such experiments are incalculable. At the same time, new earth satellites are being launched with sensing devices to detect air pollution, water pollution, crop disease, water runoff, and forest blight.

But, despite all this, public opinion (closely followed by Congress) has hacked away at the space program as being an enormously expensive plaything of scientists. NASA's budget has been cut and cut again, until today one almost has the feeling that the U. S. space program, set in motion by the launching of Sputnik in October 1957, came to an end with the establishment of friendly space relations with the Russians in July 1975. The public relations dream, it turned out, has rapidly been converted into a great wail of disapproval heard across the land. We have problems here below! No more money must be spent in space! Technology is getting out of control!

Strange, Smelly and Incomprehensible

Possibly as a result of what appears to have been excessive television coverage, the public's perception of how much the space program cost the country is highly exaggerated. Astronaut Mike Collins, now the director of the Smithsonian's soon-to-be-opened National Air and Space Museum, polled a hundred visitors at random entering a Smithsonian building, asking them which agency had the larger budget: NASA or HEW. Forty said NASA, ten were undecided, the remaining half guessed right. In fact, HEW spends the equivalent of NASA's annual budget, which is now $3.5 billion, every ten days. A graph of the budgets of the various government departments would show that since 1965 the budget of one department, and only one, has steadily declined: NASA's.

And quite right too, many will respond. HEW may be spending $120 billion this year (including Social Security trust funds), but that money is going for health, education and welfare. I do not wish to convey the impression that I am against health, education and welfare, but I shall argue that the space program, in the past six or seven years, has not received anything like the credit due to it in the intellectual, academic, news-making and opinion-forming strata of society.

Part of the reason is that a pronounced anti-technological bias exists

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in these sectors. For some time now we have grown accustomed to thinking in a stereotyped way about college science majors, as being slightly less than fully human, with computer-like minds, toiling in strange, smelly and incomprehensible laboratories, while the liberal arts student was concerned with the loftier things in life, such as poetry, beauty, justice, and, if anything, tended to flaunt his ignorance of science, as a demonstration of his own sensitivity. The result has been that science graduates these days tend to know a good deal more about the arts than arts people know about science.

But in recent years this bias seems to have become more pronounced and more widespread, tending towards outright hostility to technology. Thus, when technology is perceived at all, it is nowadays usually perceived as something that threatens to harm either man or the earth. It is true that technology is nearly always double-edged; both good and harm can come of it. Since the beginning of the 1970s, especially, there has developed a widespread vogue of perceiving the harm to the exclusion of the good: the oil that pollutes; the atomic energy that endangers man; the automobile that gives us exhaust fumes; the jet airplanes that hurt our ears; the computer that will "print out" the secrets of our lives at the touch of a button. This was the technological *fall-out*, atomic fall-out itself being the most probable initiator of this new, disenchanted attitude. But, throughout all this, the benefits of technology were taken for granted—that is, not noticed.

By the time of the moon landing, technology was considered to be getting "out of control" by Marshall McLuhan. In view of the pinpoint accuracy characterizing all stages of the Apollo 11 mission, this was a remarkably inappropriate comment, but it nevertheless typified the feelings of many in the liberal arts sector at that time and since.

Today we have arrived at a point where approval of technological advance is about as fashionable as approval of the CIA. The space program has very much been a victim of these anti-technological attitudes, but there is both great irony and great confusion in this perception.

So Neil Armstrong's boot touched the moon—and the great outcry went up: what about the problems on earth? In particular, two problems were singled out time and again. First, poverty and inner-city decay. If we can put a man on the moon, everyone immediately asked, why can't we straighten out our cities? Therein lay a confusion about the differences between aerospace and urban problem solving. Secondly, the environment became the rage. We learned the word "ecology," and it was, almost overnight, the burning issue of the times. It was more important, surely, to clean up the environment than to send men on such trivial, rock-collecting expeditions. Therein lay an exquisite irony, an irony that even today hardly seems to have been noticed.

The Space Race

First, a brief survey of some aspects of the space program is in order. When Sputnik was launched, in October 1957, President Eisenhower's response was to downgrade the feat, to denigrate it, to avoid a "space race." Sherman Adams said that the government wasn't interested in an "outer space basketball game." Eisenhower (correctly, as it now seems) was not impressed by the military potential of space. Echoing this view, *U. S. News & World Report* wrote in April 1958:

"A satellite cannot simply drop a bomb. An object released from a satellite doesn't fall. So there is no special advantage in being over the target." The article concluded that "the earth would appear to be, after all, the best weapons carrier." Today, this view is generally accepted.

But the Soviet achievements continued to mount. A second, much

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larger Sputnik was launched; then came Lunik, orbiting the moon, then Lunik II, actually crashing into the moon. Meanwhile the Vanguard rocket failed to lift off the launching pad at Cape Canaveral in December 1957.

By 1959 Vice President Nixon was reiterating that the U. S. had no need for a "massive crash program" to catch up with the Russians, and the Democrats were beginning to establish a useful campaign issue for themselves. Numerous magazine articles of the period deplored the Russian lead, and the concept of national "prestige" was aired at every possible opportunity. In October of 1959 *Newsweek* would run a major article entitled "How to Lose the Space Race," as follows: "1. Start late. 2. Downgrade Russian feats. 3. Fragment authority. 4. Pinch pennies. 5. Think small. 6. Shirk decisions."

One day we were told that "this country is lacking in a sense of urgency," and the next day we were told that "Eisenhower's recent comments on the space race have ignored or belittled the critical factor, prestige."

Prestige—the critical factor! What a different time that was! President Kennedy's speech to Congress early in 1961 soon followed: "If we are to win the battle that is now going on around the world between freedom and tyranny, the dramatic achievements in space which occurred in recent weeks [Yuri Gagarin's earth orbit, the first man in space] should have made clear to us all, as did the Sputnik in 1957, the impact of this adventure on the minds of men everywhere who are attempting to make a determination which road they should take."

Kennedy went on to call for a U. S. manned landing on the moon "before this decade is out," adding: "Let it be clear that I am asking the Congress and the country to accept a firm commitment to a new course of action . . . ." Congress, of course, went along, and NASA's 1962 budget was doubled, to $1.8 billion, and redoubled in 1963 to $3.7 billion. By 1964 the budget request was $5.7 billion, and Dan Greenberg would foresightedly comment in *Science* magazine:

"Any way you slice it, an accelerated moon program can command political support only in a Cold War context, and if that were removed the administration would find that its various enticements—lunar adventure, civilian by-products, contracts and judicious site selection—would not be sufficient to coax $5.7 billion out of a conservatively oriented Congress."

Prophetic remarks, even though Congress would later become liberally oriented. But critics who had little use for the Cold War also had little use for the space program, as Senator Fulbright demonstrated in a Senate speech a month before Kennedy's death. "The real question is one of priorities," said Fulbright, "of how we are to allocate our great but not unlimited resources among many

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important national programs, of which space is only one." He expressed the opinion that "we are placing excessive emphasis on space in relation to other national programs, notably in the areas of education and employment."

This was among the first of many such speeches, their volume increasing, it may be said, as the perception of the reality of the Cold War decreased. The alternatives that Fulbright proposed—education and employment—were, however, curiously chosen, inasmuch as the space program had already done so much to boost the teaching of science in high schools and colleges across the U. S. and was contributing just as much to employment as any other form of government spending. By 1965 the space program was employing 400,000 people. But just as "science" seems not to have been regarded as belonging within the realm of education, so government money spent on paying technicians and engineers and physics Ph.D.s and builders of rockets was rarely perceived as contributing to employment. One need hardly add that this fate did not befall government spending on liberal arts and public welfare projects. It is here, especially, that one may see the anti-technological bias of so many opinion-makers and government policy-formulators in our day. (Nearly all of them are liberal arts graduates, of course.)

The Whole Earth

By the end of 1967 the United States was well on the way to "winning" the space race, but public interest was concomitantly flagging. Interest had peaked in 1965, thereafter to decline, as, in perfect step, did NASA's budget. A poll taken at the end of 1967 asked respondents to suggest alternative ways of spending government money; among the answers were to reduce air and water pollution, to "keep America beautiful," to increase the "war on poverty."

In December 1968, the Apollo 8 mission orbited the moon. Apart from the first moon landing the following July, this would be perhaps the most significant Apollo flight. At Christmas, 1968, pictures of the earth taken from a distance were available for the first time in history. We could see, at last, the Whole Earth.

From the Index to The New York Times:

"Astronauts say earth appears as blue sphere veiled with clouds, Dec 23; editorial hails pictures of earth from 200,000 miles in space, Dec 24; A. MacLeish comment on vision of earth as seen by astronauts from space, Dec 25; Moon as colorless gray; Borman calls it 'vast, lonely and forbidding sight,' Dec 25; Dr. B. Commoner says man may destroy environment out of ignorance, Dec. 29; editorial calls for all-out effort to halt destruction of environment, Dec 30."

The British astronomer Fred Hoyle had written in 1948: "Once a photograph of the earth, taken from outside, is available—once the sheer isolation of the earth becomes plain, a new idea as powerful as any in history will be let loose . . . ."

And a new idea was certainly abroad in the land—environmentalism—although, as I have suggested, whispers and murmers and intimations of that idea were already at large. But after Apollo 8, the whispers *suddenly* became a roar—with a swiftness out of all proportion to any actual increase in pollution that may have been occurring. The number of column-inches in *The New York Times* index under "Environment" and "U. S., Environmental Problems" (combined) went from zero (in 1964) to 12 (in 1966) to 20 (in 1968) to 230 (in 1970).

The space program, it now appears, had this quite unforeseen effect: science writers, forecasters, columnists and the like had, almost to a man, spoken of the program in terms such as "going to the stars," "a further step in man's evolution," and much else

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from science fiction. But in the event, by far the most important effect was to focus attention back onto the earth, and this, in retrospect, was not surprising, because it so happens that the best location from which to see the earth—to see it "whole"—is from outside. As one NASA official points out, there is an almost inevitable connection between the space program and environmentalism for that reason.

The *Times* editorial of December 30, 1968, reflected this new awareness: "Despite the latest major advance in space exploration, this planet is going to be the human race's chief habitat for many generations to come. The time is overdue for a really major effort to insure that earth remains livable not only today and tomorrow, but also decades and centuries from now."

Thousands of such editorials and comments would blossom across the land, with the space program getting no credit for the new awareness of the environment, and quite often being cast in the villain's role. Sometimes these statements attained a surprising level of myopia, as in the following comments, made in 1970, by former U. S. Secretary of the Interior Stewart Udall:

"Our triumph in sending the first men safely on a round trip to the moon gave us a moment of national pride. It was an important event for our 'world prestige,' as we call it. But I think we can look back on it now with a little less giddiness. I must confess that I had reservations about the space program even when President Kennedy made the decision for a crash effort in this area . . . . The truth is that this feat has had, and will have, little effect on the condition of man."

Shortly after this dismissal of space flight's effect on man, the following events occurred in swift succession: the National Environmental Policy Act became law; "Earth Day" was celebrated, with nationwide participation estimated as having been as high as 20 *million*—the environmental movement at that point becoming a crusade; the Environmental Protection Agency was formed; the Environmental Quality Council issued its first annual report.

Whereupon Stewart Udall persisted. "In the seven months that have intervened since my opening statement," he said, "this country has experienced a remarkable expansion of its environmental awareness . . . The word 'ecology' has entered the ordinary stream of conversation . . . . To be sure, there are grounds for pessimism . . . . In a kind of Roman Carnival atmosphere, we save our highest praise for robot machines and for men that circle the moon. President Nixon ecstatically opined that 'nothing ever changed the world more' than the Apollo 13 mission to the moon. Months later we find that it did not change this world at all or contribute to a resolution of its crises. I am more convinced than ever before that the preservation of the human environment of this planet is far more important than further excursions into outer space."

A Certain Absence of Logic

The moon landing of Armstrong and Aldrin touched off a remarkable amount of such hostility, as *The Washington Post* (one of the few liberal papers at the time to retain a balanced view) noted: "The voices of the critics seem almost equal to those of the unabashed admirers."

The Boston Globe unleashed a diatribe. "Human, in its best sense, man is not," the paper declared. "He is one of the most destructive and avaricious of earth's animals, over all of whom he was created to reign, unable and often unwilling even to feed all of his own kind, habitually fouling his own environment . . . ." (That was on the day man first walked on the moon.)

Lewis Mumford, urbanologist, said: "The moon landing is a symbolic act of war."

Marquis Childs, columnist, said:

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"To speculate about what might have been done with $24 billion, or even a part of it, to cure the sickness of the cities and end the ruinous waste of the environment is idle."

Tom Wicker, columnist, said: "As Senator Edmund Muskie suggested in a thoughtful television comment from the launching site, the gap between what has been accomplished in space, and what remains to be done on earth, may yet serve as an inspiration."

The Wall Street Journal (persistently skeptical about the space program) wrote: "Will it simply be the first of an indefinite number of pointless extraterrestrial visits, of little benefit to man while his earthly condition deteriorates?"

Arnold Toynbee, historian, said: "It's rather scandalous, when human beings are going short of necessities, to do this."

Marshall McLuhan, thinker, said: "Let's face it, it belongs to the 1850s. It's H. G. Wells."

Mark Van Doren, poet, said: "Man's true business is to live quietly, sweetly, generously."

Reinhold Neibuhr, theologian, drew attention to ". . . a very wealthy nation that meanwhile has air pollution, water pollution, and in the cities a resentful Negro minority and decayed inner cities."

Kurt Vonnegut, writer, said: "This is poor people's money that is being spent." Also from Vonnegut: "Earth is such a pretty blue and white pearl in the pictures NASA sent me. It looks so *clean.* You can't see all the hungry, angry earthlings down there—and the smoke and the sewage and the trash and sophisticated weaponry."

It is with a sigh of relief, then, that one turns to *The Washington Post*, which humorously took note of an " 'Aggrieved Lunar They,' as in: 'You would think if they can go to the moon, at least they could . . . .' " The *Post* discerned "a perceptible ring of whininess to the voice," a "certain absence of what the fastidious would call logic."

Precisely—and herein lay the confusion. Landing on the moon was perceived as an extraordinarily difficult technical feat that had been achieved not only within schedule but (as is much less well known) within the budget estimate established in 1961. How could this be done, and yet our cities remain such a mess? everyone was asking. Several editorial writers addressed themselves to this question and noted that there was no guarantee that the money, if not spent on space, would have been diverted to "the cities" or to "poverty." But this in itself was a highly misleading riposte.

Russell Schweickart, one of the Apollo 9 astronauts, who today is employed at NASA headquarters, makes the following startling observation: "If you compare the amount of money spent on the space program," he says, "with the amount spent on activities related to human welfare by HEW and HUD in the decade of the 1960s, NASA spent $25 billion, HEW and HUD spent $550 billion. That is, NASA's expenditure was five per cent of the total. Now, can anyone really say that if only that extra five per cent had been spent on the cities, or housing, or poverty, it would have made any difference?"

No. The fact is, the big money was *already* being spent on the earthly problems, but it wasn't, alas, making much of a dent. That, perhaps, was what subliminally irritated many people about the space program: its goal was so flawlessly, almost effortlessly, attained, whereas other more pressing goals seemed unattainable. Hence the money spent by NASA was quite unfairly blamed.

But what hardly anyone seems to have realized is that while landing men on the moon was a technological problem, poverty and "cleaning up the cities" are political problems. It is worth examining the difference between these two categories of problem. When does a political problem become "simplified" down to a technolgical one? The answer is, when a *unanimous*, *national* desire exists to

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solve the problem; when *people* no longer stand in the way of achieving the desired goal. That, it may be said, is what happened in the early 1960s with the space program. Under Eisenhower, the obstacles to progress in the space program were political because there was not yet a consensus as to whether the problem should be tackled at all. Kennedy then proceeded to make a frank appeal to nationalistic sentiments. His speech to Congress was replete with such slogans as "freedom around the globe," "freedom shall survive," "on the side of liberty," and, best of all, ". . . cause one or all Americans some inconvenience, or some hardship, or some sacrifice." Congress was reminded of its "duty." And, in the very last sentence, Kennedy said, ". . . our country is united in its commitment to freedom, and is ready to do its duty."

United. That was it. Kennedy made it sound rather as though the Battle of Britain was about to be fought once again, but, whatever the rhetorical posturing, the fact is that the country, at that time, was ready and willing to be united on that issue. There was no substantial disagreement. The most effective means of uniting a people, of course, is to conjure up the specter of a threat. The Russians were perceived as constituting just such a threat, both militarily and to our "prestige." Thereafter the space program had no further political obstacles in its path (until the Red Scare abated, that is).

The same is very far from being the case with welfare, or poverty, or the condition of our cities. Technologically, it would be simple to rehabilitate downtown urban areas, for example. The difficulty is that there is no general agreement that this problem really should be solved at all. If, however, all-powerful visitors from outer space were to arrive and advise us that in five years they would make a choice between the communist and capitalist systems, based on the conditions existing in major Russian and American cities, the political obstacles to urban rehabilitation would disappear instantly, one might safely assume, and the only remaining difficulties would be technological.

Following Foreign Policy

The notion of a threat from outer space brings us back to the space program. Shortly after the moon landing, it became a commonplace to take note, as *The New York Times* took note, of "the conditions of enormously wasteful national rivalry that marred the ascent to the moon. Here is a project that makes sense only if it is conducted on a truly international basis—with contributions of money, men and technology from all interested nations, and with central direction provided by an agency of the United Nations."

But, thought Howard Simons of *The Washington Post*, "if the past is prologue, the prospect for meaningful space cooperation is bleak indeed."

Now we have witnessed the Apollo-Soyuz Test Project, an exercise in detente in space, and an illustration of a new dictum comparable to the claim that the Supreme Court follows the election returns: the space program follows foreign policy. One might have expected the liberal arts wing to be pleased at the triumph of its pet reform of the space program. Not so. *The New York Times* took due note of the fact that the Soviets were using the event to make invidious nationalistic comparisons, while Jonathan Spivak of *The Wall Street Journal* complained that it was "a costly space circus of almost no scientific significance." NASA officials fall notably on the defensive when the subject is raised. Apparently the truth is that national objectives, once attained, seem worthwhile, but when international comity is attempted, doubts prevail.

In short, now that we are cooperating (in part) with the Russians, what are we cooperating *for*? What further objective is there? There's research, of course, pure scientific research, but

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people will be reluctant to support large expenditures just in the name of research, even though it may in fact turn out to be far more valuable than anyone realizes at the time. This is such a sensitive point with NASA at present that if you query them about indirect benefits, or "spinoff," as it is called, they will send over bulky packages of documents detailing so much spinoff that your head will reel.

Not that these claims are exaggerated. It is the well known liberal put-down of the space program—that it gave us nothing but Tang and Teflon—that is spurious. One might mention, out of a wide range of examples: heart pacemakers, artificial limb attachments, technology adaptable for rapid transit (used in San Francisco's B. A. R. T.), videotape storage and retrieval systems (to which NASA waived patent rights), a wide range of new computer applications, miniaturization techniques, heat pipe products now being used in the Alaska pipeline to prevent thawing of the permafrost—and one could go on for pages.

A Changed Perspective

Let us return now to Fred Hoyle's prediction: that a picture of the earth, taken from the outside, would release a new idea. It did, as it now seems, but, curiously enough, not the idea that Hoyle had thought. He thought that, perceiving ourselves in the loneliness of space, a new brotherly love among men would arise, and wars would cease. It didn't happen. But suppose, in a future mission, we were to encounter intelligent life in outer space! Would this not, at last, tend to make a reality of the United Nations? Would not the specially designed Apollo-Soyuz coupling device then suddenly acquire tremendous significance? The consequence of perceiving that we are not alone in space could, in itself, be the ultimate space spinoff.

At this moment the Viking spacecraft is headed for Mars, there to look for signs of life. Probably no life will be found (although no one really knows), but suppose it finds an extinct civilization. Could we not gain enormous knowledge from such finds, just as we have gained enormous knowledge in the past few years of our own planet Earth? What, then, of Senator Fulbright's contrasting space exploration with education, as though there was nothing to learn from the space program?

As has many times been said, we live in the age of technology. Future generations will no doubt find our jet planes more aesthetically pleasing than our paintings, just as they are likely to read of the exploits of our astronauts with more interest than we do today. We should not be surprised, then, that the important ideas of our time—such as environmentalism—are "spinning off" from our most advanced technology. Further space exploration, as I have suggested, could result in even more momentous ideas.

The suggestion that the environmental movement was fathered by the space program is an emotional idea, and it strikes people oddly, sometimes eliciting strong reactions pro and con. The NASA people I spoke to were aware of the connection, but they treat it gingerly. The astronauts, certainly, are aware of it. And further, some of them believe that there may have been more truth to Fred Hoyle's original prediction—that national rivalries would abate—than we yet know. John Glenn, now Ohio's junior senator, whose office includes not merely a conventional globe but a large color photograph of the earth as well as a painting of the earth above the mantel, recalls that when he looked out of his space craft, "You look down at the Mideast, and you think about the warring groups, and you don't see the boundaries—it all seems so infinitely stupid."

Michael Collins wrote in his book *Carrying the Fire*: "The earth *must* become as it appears: blue and white, not capitalist or communist, blue and white, not rich or poor, blue and

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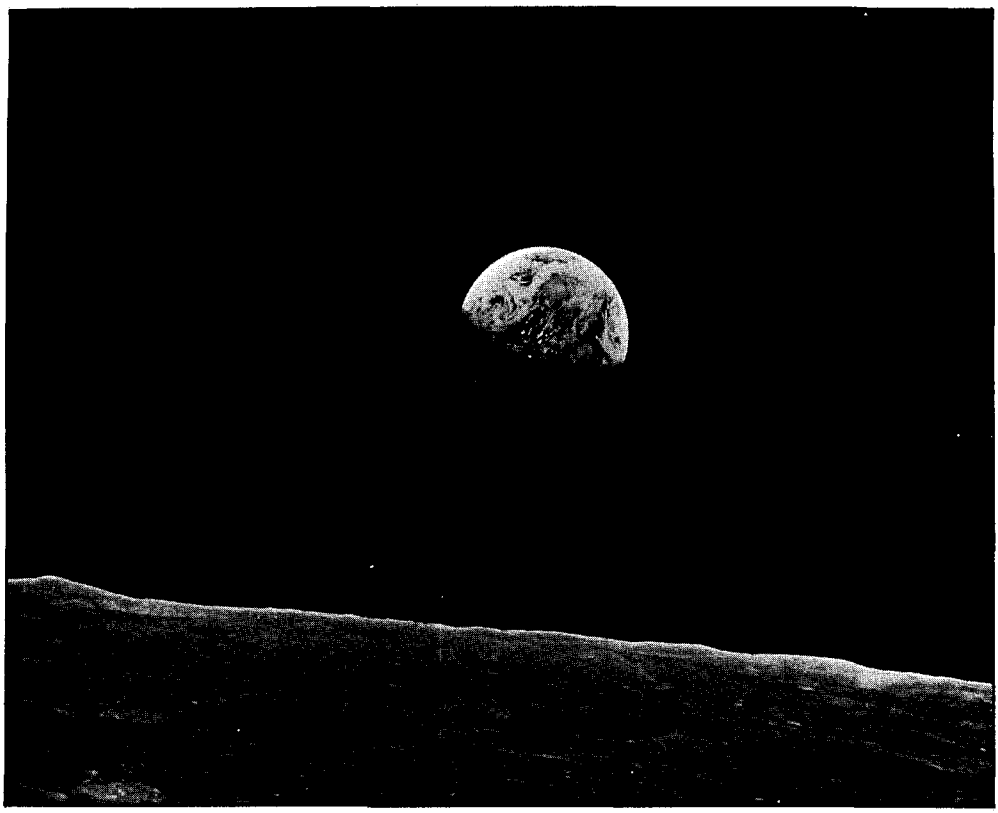

NASA Photo

white, not envious or envied." And, further: "I really believe that if the political leaders of the world could see their planet from a distance of, let's say, 100,000 miles, their outlook would be fundamentally changed. That all-important border would be invisible."

I asked Collins how the earth looked to him. How did it strike him, from space. "Fragile," he said.

Last year Russell Schweickart spoke to an environmental group on Long Island. Speaking without notes, he seemed to surprise even himself as he described the impact of space travel:

". . . From where you see it, the thing is a whole, and it's so beautiful. And you wish you could take one from each side in hand and say, 'Look at it from this perspective. Look at that. What's important?'

"And so, a little later on, your friend, again those same neighbors, another astronaut, the person next to you, goes out to the moon. And now he looks back and he sees the earth not as something big, where he can see the beautiful details, but he sees the earth as a small thing out there. And now that contrast between that bright blue and white Christmas tree ornament and that black sky, that infinite universe, really comes through. . . . It becomes so small and so fragile, and such a precious little spot in that universe, that you can block it out with your thumb, and you realize that on that small spot, that little blue and white thing, is everything that means anything to you, all of it is on that little spot out there that you can cover with your thumb.

"And you realize that that perspective . . . that you've changed, that there's something new there. That relationship is no longer what it was . . . . I've used the word *you* because it's not me, it's not Dave Scott, it's not Dick Gordon, Pete Conrad, John Glenn, it's you, it's us, it's we, it's life. We've had that experience." ■

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One of a series on the first hundred years of the telephone

The best phone system in the world didn't just happen. It was planned a long time ago.

This ad ran in 1908.

One Policy One System

Universal Service

THAT the American public requires a telephone service that is universal is becoming plainer every day.

Now, while people are learning that the Bell service has a broad national scope and the flexibility to meet the ever varying needs of telephone users, they know little of how these results have been brought about. The keynote is found in the motto—"One policy, one system, universal service."

Behind this motto may be found the American Telephone and Telegraph Company—the so-called "parent" Bell Company.

* * * *

A unified policy is obtained because the American Telephone and Telegraph Company has for one of its functions that of a holding company, which federates the associated companies and makes available for all what is accomplished by each.

As an important stockholder in the associated Bell companies, it assists them in financing their extensions, and it helps insure a sound and uniform financial policy.

* * * *

A unified system is obtained because the American Telephone and Telegraph Company has for one of its functions the ownership and maintenance of the telephones used by the 4,000,000 subscribers of the associated companies.

In the development of the art, it originates, tests, improves and protects new appliances and secures economies in the purchase of supplies.

It provides a clearing-house of standardization and thus insures economy in the construction of equipment, lines and conduits, as well as in operating methods and legal work—in fact, in all the functions of the associated companies which are held in common.

* * * *

Universal, comprehensive service is obtained because the American Telephone and Telegraph Company has among its other functions the construction and operation of long distance lines, which connect the systems of the associated companies into a unified and harmonious whole.

It establishes a single, instead of a divided, responsibility in inter-state connections, and a uniform system of operating and accounting; and secures a degree of efficiency in both local and long distance service that no association of independent neighboring companies could obtain.

* * * *

Hence it can be seen that the American Telephone and Telegraph Company is the active agency for securing *one policy*, *one system*, and *universal service*—the three factors which have made the telephone service of the United States superior to that of any other country.

American Telephone & Telegraph Company

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Bell System

The Capital Crisis: Crying Wolf on Wall Street

by David Ignatius

Something very odd is happening in American business. Instead of urging us to forget our fears about the future and buy! buy! buy! leading businessmen are worried, almost obsessively, that we aren't saving enough.

The business press is dark with rumination about the threat of a "capital shortage," which is already creating a dangerous "capital gap" and may soon lead us to the brink of a full-blown "capital crisis." The editors of *Business Week*, for example, are so convinced of its existence, and so anxious to protect us from its effects, that in September they ran a special 136-page "Capital Crisis" issue.

"The jaws that threaten the nation's well-being," warns *Business Week* "are not those of the giant fish that looms up in front of moviegoers, but those of the yawning capital gap that faces the U.S. this year and as far ahead as anyone can see. For the failure of the supply of capital to keep up with demand could eat the nation's standard of living alive."

The rhetoric is so emphatic—and so reminiscent of the "energy crisis" propaganda spewed out by the oil industry two years ago as it tried to force huge oil price increases down the throats of consumers—that the reader cannot help but suspect that a new giveaway to business is in the works. The suspicion is well-founded.

To be sure, the "capital crisis," like the earlier "energy crisis," poses some important questions about the costs of growth in a capitalist society. But don't expect to hear much about them from Wall Street, which has learned from the oil companies that when it comes to wrangling new benefits from the government and intimidating the public, nothing succeeds like disaster.

Like any major catastrophe, the "capital crisis" has been some time in the making. First reports came from *Business Week* itself. Two years ago, as energy crisis publicity reached a crescendo, the magazine ran a cover story warning that the real threat to business came not from the Arabs, but from American investors, who were refusing to supply sufficient equity capital through the stock market.

In September 1974 the New York Stock Exchange, which was in fact suffering from the wariness of indi-

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vidual investors to commit their savings to the high-growth, "go-go" firms which dominated the market in the 1960s and then collapsed, issued a research report titled "The Capital Needs and Savings Potential of the U. S. Economy." This little document has been supplying capital shortage Cassandras with numbers ever since. Using highly dubious methods of estimation, the NYSE economists predicted that the demand for investment capital through 1985 would be $4.7 trillion, while the supply of savings would be only $4 trillion—leaving a "capital gap" of about $700 billion The economic assumptions behind these estimates are so muddled as to deserve special comment, but we'll save that for later.

In February 1975 the Stock Exchange, perhaps a trifle embarrassed, issued a new research report shifting ground slightly. The *real* crisis, it now argued, was not so much a shortage of capital as a shortage of *equity* capital—the kind that comes through the stock exchange. This shortage was forcing business to borrow from banks to finance new investment and thereby raising debt-equity ratios to dangerous levels. To spread word about the crisis to businessmen who might not know how much trouble they were in, the Securities Industry Association, a trade association for stockbrokers, convened a National Conference on Capital Investment and Employment last May. In a summary of the proceedings, the SIA wrote: "America is facing a severe shortage of investment capital that threatens to restrict the nation's economic recovery and do permanent damage to the U. S. standard of living . . . . Major policy changes in Washington are sorely needed to create greater incentives for individuals to invest their savings in our free enterprise system . . . ."

Two years of crisis-mongering began to pay off last summer. The target for the pitch was not the public—which was unlikely to feel charitable toward business during a recession—but the government, particularly the Treasury. For if Wall Street could sell the "capital shortage" to government economic policy-makers, it stood the best chance in decades of passing new tax breaks for investors. As luck would have it, a former Wall Street securities broker—William Simon—happened to be Secretary of the Treasury. And as luck would have it, Simon became convinced of the

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seriousness of the capital shortage.

On July 8 Simon appeared before the House Ways and Means Committee, supposedly to deliver the Treasury's recommendations on tax reform. Instead, he devoted most of his testimony to a lecture on the need to increase saving and investment over the coming decade. On July 31 he returned to present specific legislative proposals to solve the capital shortage.

Can We Afford the Future?

It is impossible to set forth Simon's basic argument without adopting his professorial tone. The crisis scenario he presented was roughly as follows:

The American economy is currently suffering from inflation and recession because there is too little investment, far less as a percentage of GNP than in many other industrial countries. One major reason for our low investment is a shortage of savings by both corporations and individuals. Corporations don't save enough in the form of retained profits because net, after-tax profits are too low. And individuals don't save enough out of income because the tax system discriminates against saving—particularly in the form of stock ownership.

Firms which are unable to finance investment out of either retained profits or new issue of stock to the public are being forced to borrow money from banks, through the sale of bonds. This increases their debt burden, at very high interest rates, making the heavily indebted (or "levered") corporations vulnerable to business cycle fluctuations. And for some smaller companies with poor credit ratings, the inability to borrow from banks leaves them with no access to capital whatsoever. These small firms are increasingly prey to bankruptcy and take-over from large firms. As the small firms collapse, unemployment increases. And because there is little investment in new machinery by even the largest corporations, productivity stagnates and inflation rises.

Unless something drastic is done, argues Simon, the current situation will get worse. For if the economy is going to continue growing at past rates and also meet new government anti-pollution requirements, the need for capital investment will increase dramatically. By the end of the decade—without an increase in company and personal saving—there will be a disastrous shortage of investment capital, resulting in slow growth, high unemployment, lower standards of living and increased class antagonism. The capital shortage, in other words, is a formula for turning prosperous America into a more raucous version of that other fallen empire, Great Britain.

Sound scary? It's supposed to. Simon's solution is to encourage saving—particularly in the form of stock ownership—by changing the tax laws to end what he calls "double taxation" of dividends. At present, dividends are in effect taxed twice: once as part of a corporation's gross profits (where they are subject to the standard 48-percent corporation tax); a second time after they are actually distributed to shareholders (who pay at whatever their rate of income tax).

In his major legislative recommendation, Simon urged the Ways and Means Committee to eliminate the "double tax" through a complicated scheme which would by 1982 allow corporations to deduct about half their dividend pay-out from their corporation tax liability, and allow individual stockholders to deduct half of the "grossed-up" dividend income they receive from their personal income tax liability. In this way, firms would be encouraged to increase dividends, the public would be encouraged to buy stock, and corporations could again finance investment through the issue of new equity shares, rather than by borrowing from banks. The economy would prosper and grow as never before.

Sound sensible? Again, it's supposed to. But when considered carefully, the argument has so many flaws

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it's hard to know where to begin criticizing.

For starters, the very notion of a "capital shortage" is absurd to any serious free-marketeer (which is what Simon claims to be). In a free market economy, the decision to consume or save is left entirely to the individual. If people choose, in the aggregate, to consume their income rather than save for the future, then the pool of savings available for investment will be small, and that's just too bad for anyone who wishes it was greater. Companies hoping to finance new investment will compete for this pool of savings, and the rate of interest—the cost of borrowing—will rise. But (and here is the genius of the market) as the interest rate rises, the demand for investment will begin to drop off, since firms will be uncertain whether the stream of income yielded by the planned investment will be sufficient to cover the interest payments necessary to finance it. When the NYSE economists prepared their 1974 estimates of the capital crisis, they compared current plans for investment with the estimated pool of savings. They noted a "gap"—ignoring the fact that rising interest rates will reduce the demand for investment until it corresponds exactly to the available savings. Thus, there can be no "shortage" of capital, since the rate of interest will always exactly balance the supply of savings and the demand for investment. The rate of GNP growth may slow—but again, that's just too bad.

Not surprisingly, University of Chicago Professor Milton Friedman, the most formidable advocate of free market economics, finds the concept of a "capital shortage" intellectually disreputable. More important in political terms, Alan Greenspan, a Friedman disciple and current chairman of the Council of Economic Advisors, has refused to endorse the proposals of his Ford Administration colleague, Treasury Secretary Simon. In a statement that might easily have come from Greenspan, Northwestern University economist Robert Eisner told *Business Week*, "It galls me that a guy like Simon, who says that he believes strongly in the free enterprise system, really doesn't trust the market."

Simon Says

Simon's solution for the capital shortage is as weak on practical grounds as his description of it is in theory. The scheme to end "double taxation" of dividends and encourage equity finance may do very little to change the present pattern of saving and investment. To see why this is so, let us take a break from serious economics and play a little game of "Simon Says."

■ Simon says that we should pay special attention to the growth of debt finance in recent years, the key statistic in his argument. Between 1964 and 1973, the debt-equity ratio of manufacturing corporations increased from 25.4 per cent to 43.9 per cent. In the same period, "interest coverage" ratios (gross corporate

to: Santa Claus, Christmas shoppers, and all readers

from: The Washington Monthly

subject: see page 45 for information on the

memo book

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Why Bill Simon and Karl Marx

Bettman Archives

Given the weakness of so many of the "capital crisis" arguments, an intriguing question is why it is being taken so seriously in the business community. The answer is not obvious, but I suspect that we may be witnessing a general failure of nerve among corporate leaders as they contemplate the future. As a quizzical James J. Matles, retiring secretary-treasurer of the left-wing United Electrical union told *Business Week*: "Never before have I heard the managers asking 'Can capitalism survive?' "

Perhaps it is a side effect of the severe dislocations in the world economy during the last five years. Perhaps it is a result of living and working for too long in New York City, where one's thoughts turn naturally to bankruptcy and decay. But whatever the reason, it must be noted that the "capital crisis" scenario sketched by Treasury Secretary Simon and many business leaders bears an eerie resemblance to Karl Marx's prediction of the ultimate collapse of capitalism.

Marx argued that a capitalist economy must grow or die. "Accumulate! Accumulate! That is Moses and the Prophets!" he wrote in a famous passage. But he believed easy growth was possible only so long as there was a low-wage "reserve army of unemployed" to draw upon. At some point, labor shortage (or unionization) would push wages up and the firm would have to substitute sophisticated capital equipment for labor if it was to survive. Many firms, unable to raise sufficient capital, would collapse, affording the survivors a momentary respite from competition. But competition would pick up again and continue—with periodic shakedowns—until a few huge firms remained. Marx predicted that even these largest firms would collapse

profits divided by interest payments) declined from about twelve to about six. Simon implies that these figures sketch a tragic picture—in which ragged businessmen, "forced to the wall," go begging for loans at usurious interest rates. In fact, in inflationary periods, the growth of debt finance makes perfect economic sense for corporations. For when a firm borrows at a fixed rate of interest, inflation will annually reduce the real cost of the debt. Moreover, the interest payments on a firm's debt can be deducted from its taxable income. Given these factors, a firm would be foolish *not* to borrow to finance investment.

■ Simon says, grimly, that "climbing debt ratios have left business highly vulnerable to any adverse changes in the business climate and handcuffed their ability to grow." This implies that there is something inherently undesirable about debt-financing. Yet in Germany and Japan,

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Think There's a Capital Crisis

because their profits would be insufficient to augment their capital stock and at the same time provide a satisfactory return to investors.

Much of Marx's economic analysis has been subject to searching criticism, and parts of it—particularly his concept of an inherent tendency for the rate of profit to fall as capital-labor ratios increase—has been shown to be incorrect. But don't tell Bill Simon, who shares many of Marx's assumptions.

Like Marx, Simon argues that without steady growth of capital investment, the capitalist firm cannot survive. Like Marx, he sees smaller firms, unable to compete for capital, being swallowed up by larger firms. And like Marx, he predicts that unless the rate of profit can be increased to cover necessary capital investment, capitalism will collapse. Unlike Marx, Simon is not pleased by this prospect.

Those who share Simon's view that American capitalism is in trouble and needs more saving would be advised, however, not to putter around with dividends, but to revamp the tax system entirely. The most appropriate step would be to replace the current system of income taxation with an "expenditure" tax of the sort proposed by the British economist Lord Kaldor. By taxing income when it is *spent*, rather than when it is received, such a scheme would provide a powerful incentive for saving.

Susan T. McElhinney

On the other hand, those who share Marx's view that the crisis of capitalism is structural and irreparable would be advised to do nothing—and wait for capitalism to collapse. But they should keep in mind the disappointing experience of several generations of leftists, who have passed their entire lives waiting in vain for the imminent demise of capitalism.

the countries with the best post-war growth records, capital investment has been almost entirely debt-financed.

■ Simon says that a healthy stock market is necessary to provide venture capital for struggling entrepreneurs who can't sell bonds. He misstates the nature of the stock market, where entrepreneurs with new, unconventional ideas are usually as unwelcome as they are in the bond market. Most stock transactions involve the sale and purchase of existing shares in large, already entrenched firms. If Simon wants to encourage new investment and entrepreneurship, he might provide a special incentive to purchase *new* issues, rather than giving a break to everyone who already owns stock.

■ Simon says—indeed, insists—that the present tax system constitutes double taxation of dividends. But economists have disputed for decades whether corporations actually "pay" corporation tax. Many economists argue that the tax is shifted to con-

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sumers in the form of higher prices. If the tax is in fact shifted, then it is consumption, not investment, which is subject to double taxation (and, in states which have a sales tax, triple taxation).

■ Simon says, hopefully, that by reducing the tax on investment income, aggregate saving will increase. The opposite might just as easily happen. If, as Simon believes, corporations respond by increasing their dividend pay-out ratios, they must correspondingly reduce their retentions, a form of company savings. And there is no guarantee that the dividend receivers will plow their windfalls back into the capital markets to augment their personal savings. They may choose to increase their consumption of luxury items, buying new Rolls Royces and other trinkets.

■ Simon says that his primary interest is revitalizing a stagnant U. S. economy. But even if ending the double tax on dividends *did* increase domestic aggregate savings, there is no certainty that large corporations would put the additional money to work in the U. S. They might decide to export the capital abroad to foreign subsidiaries, where it could earn a higher return. This might benefit foreigners, but it would not provide jobs for American workers.

■ Simon says—quite ruthlessly in my opinion—that we should ignore the redistributive effects of his tax break for dividend earners. "In our great country, everybody can be a capitalist," he told the Ways and Means Committee. Yet while everyone is free to save and buy stock, the practical fact of the matter is that his proposal will help families earning $15,000 a year very little and help those earning $1.5 million very much. For there is a class that has enough income to be able to save substantial amounts—let us call them "the rich"—and a class that consumes most of its income—let us call them "the poor." Simon's desire to increase saving and reduce consumption would, in simple terms, make "the rich" richer and "the poor" poorer.

■ Finally, Simon says that by saving more and consuming less, we will solve our problems of recession and unemployment. This last argument is bizarre. There is no other word for it. The current recession is caused in large part by the fact that people are choosing *not* to consume. The standard Keynesian remedy for such a recession is to *reduce* saving, not increase it. As three eminent Brookings economists noted in their study, *Capital Needs in the Seventies*, "With the economy operating substantially below full employment, inadequate saving is not a problem. In fact, the problem is just the reverse . . . ."

The above list by no means exhausts the defects of Simon's remedy for the "capital shortage," but let us give him the benefit of the doubt on the rest. Even *Fortune*, a reliable bellweather of business opinion, concluded in its September issue that "Simon's method is far from ideal . . . . We couldn't give it more than two cheers ourselves." As a matter of fact, the only sure winners under Simon's scheme would be stockbrokers, who would increase their commissions from purchase and sale of equity shares. And it is stockbrokers, you remember, who have been bleating the loudest about the "capital crisis." ■

Answers to October puzzle:

M	I	D	E	A	S	T		D	E	T	E	N	T	E
I		E		N		H		E		R		I		N
R	A	B	I	N		R	E	G	R	O	U	P	E	D
A		U		E		E		A		O		P		E
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Memo of the Month

U.S. House of Representatives
Washington, D.C.
September 30, 1975

Dear Colleague:

I am about to order again sets of souvenir cuff links, key chains, and bracelets to be used as a campaign souvenir during my election campaign next fall. It is infinitely superior to the one ordered in the House Office Supply Service, includes your own signature on the back of the cuff links, and is approximately the same price as the one in the Supply Service stock.

While the gesture may be a little flamboyant, I have often taken the cuff links off and made a present of them to anyone who admired them. As a gift for campaign workers, it is without parallel in its impact.

The cost to me for 200 cuff links, including the plastic presentation box and the signature is $450 less a five percent discount on advanced payment. If you are interested, please contact me or my Executive Assistant, Charlotte Chillura (X-3531) before October 9. If you want to see the cuff links themselves, I would be glad to show them to you.

Sincerely,

LEO J. RYAN
Member of Congress

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The Two Party Pork Barrel

by Walter Shapiro

The calm before the storm or the prelude to the dullest election in recent memory? Four months before the New Hampshire primary, it seems implausible that any Democrat would bother to walk to the polls on a freezing day in February to choose among faceless men like Jimmy Carter, Terry Sanford, Lloyd Bentsen, Morris Udall, Fred Harris and Henry Jackson. I'm convinced that there is no one in America—with the possible exception of David Broder—who would recognize them all in a crowded elevator. On the Republican side things are even more baffling. Ronald Reagan is about to challenge Jerry Ford, but it is difficult to imagine an issue on which they disagree. Actually, that's a slight exaggeration. The other day I heard Reagan denounce the federally imposed 55-mile-per-hour speed limit on his syndicated radio show.

Walter Shapiro is an editor of The Washington Monthly.

All this does not bode well for the scores of writers who dream of being the Theodore White of the 1976 campaign. My guess is that the major political book to come out of the 1976 presidential race will be on the Secret Service, not the candidates. Another hunch is that no one will get more than 14 per cent of the vote in any of the crowded Democratic primaries. Since, under new party rules, 15 per cent of the vote is needed to win delegates in a primary, we may be in for the ultimate in deadlocked conventions. The race for the Republican nomination will probably revolve around a series of stirring debates between Ford and Reagan over who is the better administrator. The end result? Things going on pretty much as they have. Ford will be elected to a full term and the voters will celebrate by giving him another Congress almost as overwhelmingly Democratic and liberal as the last. In short, four more years of four more years.

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If that happens, political analysts finally may be forced to find some logic in the continuing pattern of Republican Presidents and Democratic Congresses. Up to now, they have tended to dismiss the last eight years of divided government as little more than a short-term aberration. Typical is Kevin Phillips, the author of *The Emerging Republican Majority* and perhaps the most interesting current political theorist. In his recent book, *Mediacracy*, Phillips acknowledges that "debunkers of the idea of a 'new majority' [Phillips' theoretical obsession] raise a telling point: Based on historical precedents, no new presidential majority could be taking shape without bringing a Congressional majority in its wake." Phillips responds much like a Ptolemaic astronomer faced with the Copernican Revolution. Rather than abandon his theory, Phillips tries to save it with a few minor adjustments. He largely blames the failure of the Republicans to win control of Congress in 1968 and 1972 on the increase in ticket-splitting—yet develops no convincing rationale to explain why Nixon voters across the country felt compelled to vote for Democratic congressional candidates.

In their elaborate efforts to divine the national will, Phillips and other less inventive electoral theorists have neglected a much simpler explanation for the continuation of divided government: it's what the voters want. The combination of a Republican President and a Democratic Congress provides a majority of the electorate with tangible benefits they couldn't get if one party controlled both the White House and Capitol Hill. To understand what these benefits may be, we must first take a slight detour to discuss the real differences between the two parties.

A generation ago, the differences seemed apparent—the Democrats were advocates of big government and the Republicans weren't. It was as simple as that. A look at the current federal

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budget reveals how outmoded these distinctions have become. Under Nixon and Ford, federal spending has swelled to more than $360 billion a year—more than double the size of Lyndon Johnson's 1968 budget. Now Ford is trying to win political points as a fiscal conservative by holding 1977 spending to $395 billion.

By the late 1960s, social issues provided a new shorthand for distinguishing between the two parties. The Democrats took the high road, the Republicans the low. The orthodox interpretation of the McGovern debacle is that his campaign seemed so obsessively concerned with abortion, amnesty, gay rights, and the lettuce boycott that it drove Democrats who were conservative on social issues (many of whom had voted for George Wallace in 1968 and the 1972 primaries) to support the reelection of the President. It's an interesting theory, but it doesn't seem to have much relevance for 1976, since the social issues that promoted cleavages during the 1960s have generally disappeared. Remember campus disorders? The only activism on college campuses these days comes from students protesting that they aren't getting enough job training. Amnesty was defused by none other than Jerry Ford. Drugs are no longer the center of national attention: marijuana use is increasingly accepted and the use of "hard" drugs has become less visible. Crime is still a serious problem, but voters have grown increasingly sophisticated about simplistic political solutions. Just because Frank Rizzo is mayor of Philadelphia doesn't mean that the city is filled with brotherly love. Abortion still arouses passions on both sides, but recent polls indicate that even a majority of Catholics support the Supreme Court decision legalizing it. That leaves busing as the only issue capable of arousing all-consuming passions. But the recent rash of liberal defections in the Senate indicates that outspoken supporters of busing are becoming about as numerous as Israeli admirers of Idi Amin.

This emphasis on social issues has tended to blur much more significant differences between the two parties. To my mind, the important distinction is that Republicans support the "military pork barrel" and Democrats are wedded to the "social pork barrel." When either party talks of cutting the federal budget, it is invariably referring to the opposition's pork barrel programs, not its own. Kevin Phillips, whose prose sometimes seems a parody of modern social science, puts it this way: "The important distinction appears to lie between that segment of the knowledge sector *essentially engaged in social and human resources endeavors*—academicians, urban planners, journalists, social-welfare experts—and *those whose expertise is spent in the direction of military and aerospace research, product marketing, and industrial technology*."

The Social Pork Barrel

We all have a fairly good sense of who benefits from the military pork barrel, but the concept of "social pork barrel" requires a bit more elaboration. In the early 1970s Edith Green—a Democratic congresswoman from Oregon who grew increasingly disenchanted with liberal social welfare nostrums—began using the phrase "Education-Poverty Industrial Complex." The actual term "social pork barrel" comes from David Stockman, a former aide to Republican Congressman John Anderson, who used it as the title of a compelling article in the spring 1975 issue of *The Public Interest*.

Stockman argues that wasteful subsidy programs for social services have replaced rivers and harbors legislation as the way in which legislators can deliver pet projects to their constituents: "The billions that pass through the social welfare budget each year are anchored in place by political sinews as sturdy as those which line the Internal Revenue Code. . . . The care and maintenance of the social welfare

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spending pipeline that extends to each of the 435 Congressional districts in the nation have now become a central preoccupation of Members and their staffs." Stockman's thesis is that in an era of limited government resources, we won't be able to finance expensive liberal social programs like national health insurance and a guaranteed annual income unless we eliminate many of the other subsidies that make up the social pork barrel.

While interesting in its own right, Stockman's concept of "social pork barrel" can also be used to characterize the philosophy of the Democratic Party.

There is now an awareness that a large portion of the electorate would be adversely affected by any significant cuts in the military budget. In addition to the three million soldiers and civilians on the Pentagon's payroll, there are another 1.5 million Americans directly employed by defense contractors. When you add those indirectly dependent on military spending, the number is many times larger. Shifts in federal funding patterns can plunge entire cities into mini-depressions like that of Seattle in the early 1970s.

What is not so clearly recognized is that there are millions of Americans who are equally dependent on the social pork barrel. Most of these people are convinced that they are working to solve the nation's pressing social problems, much as the executives at Grumman Aircraft are probably genuinely concerned about the growth of Soviet military strength. While those with strong ties to the military tend to be disproportionately Republican, those whose jobs are provided by the social pork barrel are understandably likely to be active Democrats. One telling illustration is provided by Daniel Moynihan's account of *The Politics of a Guaranteed Income*. Moynihan makes clear that the most damaging opposition to Richard Nixon's Family Assistance Plan came from the left, rather than from Republican conservatives concerned about "welfare chiselers" getting something for nothing. In hindsight, it is easy to understand why a group like the National Association of Social Workers would be deeply threatened by a plan to provide cash grants to the poor, rather than services. Lyndon Johnson's Great Society is now ridiculed for having provided more jobs for middle-class "poverty professionals" than direct aid to the poor. Kevin Phillips is close to the mark in *Mediacracy* when he notes that "various studies of Great Society programs have shown how little money—often 10-25 percent—actually made its way through the maze of bureaucratic, consultant, and business-contractor overhead into the hands of the poor."

Stockman's article provides some telling examples that this pattern did not end with the Great Society. In fact, it can be argued that these middle-class subsidy programs have been accentuated by seven years of a Republican President and a Democratic Congress. Take the amendments

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to the Social Security Act that were designed to provide a broad range of social-psychological services to public assistance recipients. The goal was to help the poor become independent of welfare, but the result has been to annually provide $2.5 billion of federal funds to help support a host of day-care centers, recreation programs for the elderly, summer camp programs for the young, family counseling services and job-training centers. Rather than reducing dependency on welfare, this program has made thousands of social service workers dependent on the federal budget for their jobs. What makes matters worse is that often these services are no longer even targeted at the poor. The program has been reorganized since Stockman's article appeared. The new legislation (known as Title XX) is so complicated that consulting firms have had a field day interpreting it for states and local governments. A report commissioned by the Child Welfare League explains that "low income people" are "the basic target group for the Title XX support." But it then goes on to define "low income people" as anyone "at or below 115 percent of the state's median income level . . . . " This means—believe it or not—that probably 70 per cent of the population is now eligible for federal assistance under a program designed for welfare recipients.

'Forces of Change'?

Public employees are yet another beneficiary of the Democratic Party's social pork barrel. The federal civil service has had a definite liberal bias since the New Deal, but only recently has the identification of government workers with the Democratic Party become pronounced. In Congress, it is the conservative Republicans who mount the generally futile efforts to delay cost-of-living bonuses and raises to already overpaid federal workers. Another significant trend is the growing importance of the American Federation of Teachers (AFT) and the American Federation of State, County and Municipal Employees (AFSCME) within the Democratic Party. No major Democrat seems uncomfortable in the embrace of these unions—although they are largely responsible for New York's harrowing financial crisis.

Stephen Schlesinger's recent book, *The New Reformers*, provides an ideal illustration of the widespread failure to make a connection between unions like AFSCME and the increasing size of government budgets. Schlesinger's book is largely an uncritical paeon of praise for the "forces of change" within the Democratic Party. Along with obligatory chapters on the blacks, the women, the gays, the Chicanos, and the Puerto Ricans, Schlesinger delineates the schism in labor between those unions loyal to George Meany and those identified with the reform wing of the party. It makes for unintentionally revealing reading. Jerry Wurf, the president of AFSCME, is described in glowing terms as a "vibrant, sparkling iconoclast." Schlesinger then goes on to quote one Victor Gotbaum, "a dark, shaggy, articulate man, one of Wurf's principal lieutenants who heads the influential New York local of AFSCME." Gotbaum's predictable tirade against George Meany is not worth repeating. But while portraying Gotbaum as a liberal hero, Schlesinger neglects to mention that the exorbitant contracts won by Gotbaum's union are a major cause of New York's budget deficit. Nowhere in *The New Reformers* is there even a hint that the interests of the average taxpayer and those of Victor Gotbaum's AFSCME may not entirely coincide.

Rational Self-Interest

None of this, however, explains why the American voter may be displaying rational self-interest when he elects a Republican President and a Democratic Congress. Divided government means that the military pork barrel is dominant in the White House

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and the social pork barrel in Congress. The advantages of this arrangement over one-party control should be evident. It must be remembered that Democrats also tend to be critical of military spending and Republicans are likely to be skeptical about new social programs. If the Democrats controlled both the White House and Congress, the military pork barrel might be threatened. Conversely, if the Republicans somehow managed to obtain a congressional majority to go along with their hold on the presidency, the continuation of the social pork barrel might be jeopardized.

But the underlying ideology of both parties is "Don't Rock the Boat." The presidential candidacy of Henry Jackson is enough to indicate that not all Democrats share a knee-jerk horror of all things military. But Jackson must overcompensate for his hawkishness by being especially zealous in his support of the social pork barrel. Similarly, Hubert Humphrey's surprisingly strong showing in the 1972 California primary can be attributed to widespread fears that George McGovern would cost defense workers their jobs.

Conservative opposition to the social pork barrel is also often more theoretical than real. David Stockman notes that in Congress "the political maintenance capabilities of the system are so strong that all except the most extreme and idiosyncratic conservatives are eventually brought into the consensus. . . ." They may protest when a program is initially proposed, but before long they are voting for annual appropriations just like their Democratic colleagues.

The best indication that the American voter wants both subsidy programs going full blast is the political fate of Barry Goldwater and George McGovern—the only two presidential candidates who really threatened the status quo. In 1964 it was feared that Goldwater would dismantle the entire social welfare bureaucracy. In 1972 McGovern was portrayed as a man who would decimate the military budget. Both times the election results were overwhelmingly pro-subsidy.

The Subsidy Party Always Wins

With this hold over both political parties, the millions of beneficiaries of the federal pork barrel should be sanguine about the future. But when your livelihood depends on the vagaries of the political process, it's dangerous to be over-confident. The anti-military rhetoric of most Democrats is enough to arouse some fears. And the budget-cutting efforts of governors like California's Jerry Brown raise the spectre of a possible new alliance between disenchanted liberals and old-fashioned conservatives.

That's why a divided federal government is needed to minimize the chances of any significant alterations in either subsidy program. Divided government alone is not sufficient—the Republicans must control the White House and the Democrats the Congress. The survival of the military pork barrel requires a sympathetic President and Secretary of Defense. An administration committed to trimming the military budget could probably prevail against a pro-Pentagon Congress. In contrast, Congress is the key to the social pork barrel. As the legislative problems of Harry Truman and Jack Kennedy indicated, social welfare programs can be easily throttled by a conservative coalition in Congress.

If, as I suspect, Jerry Ford is reelected along with another overwhelmingly Democratic Congress, we will begin a second decade of divided government. Sooner or later, the political analysts are going to notice that we have entered into a new age: the politics of permanent pork barrel. As long as the Democrats control Congress and the Republicans run the Defense Department, the chances of wiping out these economically draining subsidies will remain scant. The question is how long can the American economy survive giving the voters what they clearly seem to want? ■

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This Time Everybody's Got a CREEP

by Bruce F. Freed

Jeb Stuart Magruder, former deputy director of the Committee to Re-Elect the President, couldn't have been closer to the mark when he wrote in his Watergate mea culpa, *An American Life*, that "the significance of the 1972 Nixon campaign . . . has been obscured by Watergate, but its lessons will not be ignored by politicians of both parties who plan future presidential campaigns."

As the 1976 presidential campaign gets underway, those lessons are being studied very carefully by campaign planners. John T. Calkins, one of President Ford's top political aides, openly confesses his admiration of the managerial side of the original CREEP. He calls the Nixon operation "a masterfully done political reelection job despite Watergate." CREEP, he adds, "is an indication of the management and accounting organization needed for future campaigns."

What sinister force has brought the CREEP style back in presidential politics? Nothing other than the 1974 campaign finance law—the very law that was passed at the behest of Common Cause to prevent future Watergates. In an ironic twist, that legislation has ended up helping to institutionalize the CREEP model of campaign organization, a development that has very serious implications for American politics.

At first glance, the 1976 campaign organizations now taking shape bear little resemblance to what made CREEP so notorious. There are no Maurice Stanses flying around the country with attache cases scooping up illegal cash contributions; John Mitchells are not ordering their lieutenants to draw up plans for spying on the opposition. But cut away the tainted money and the illegal acts and you'll find in today's campaign organizations major similarities to CREEP.

The underlying structure of CREEP is succinctly described in *Jaws of Victory*, an analysis of the 1972 presidential election by the liberal

Bruce F. Freed reports on campaign finance for Congressional Quarterly.

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Republican Ripon Society: "For the first time in American politics, a completely centralized national political machine was created with direct lines of command from Washington that did not rely at all on local political parties or on local power centers for its operational efficiency."

Indeed, CREEP marked a revolution in political strategy and organization. Until the 1972 campaign, presidential candidates dealt regularly with local and state party leaders and outside pressure groups like organized labor. The campaign organizations were not monolithic; party and outside groups invariably played important campaign roles. Most of all, these independent groups could act as checks on the candidates. In 1960 the Kennedy organization was highly centralized and led by skilled professionals like Larry O'Brien, yet it also depended heavily on local party officials and was never divorced from its party's national committee the way CREEP was. In 1968, the Humphrey organization did not control many parts of its campaign—such as the highly effective AFL-CIO operation.

All that changed by 1972. The new politics of CREEP represented a clear break with established political tradition. Senator George McGovern had similar autonomy with his campaign organization, although he had little choice, since he was abandoned by many of the local party bosses and organized labor. Nixon, on the other hand, deliberately turned his back on the Republican party and created a new organization—loyal only to him—that he totally controlled.

The Managerial Takeover

In its structure and operation, CREEP represented the managerial takeover of politics. The man who gave CREEP its distinctive imprint was Fred Malek, a millionaire management consultant who was deputy director of the Office of Management and Budget during Nixon's first term. Malek left OMB to become one of the two deputy directors of the Nixon reelection operation. (The other was Jeb Magruder.) According to the Ripon study, he "was a strong believer in the application of modern and efficient management principles to political organizations and he viewed with disdain the more 'political' types around CREEP. He instituted an incredibly demanding reporting system to keep close control upon the vast range of enterprises beneath him . . . ."

Fred Malak

CREEP's leaders—both in the campaign itself and within the White House—were very much like Malek. They weren't career politicians in the traditional sense. They came from corporate managerial, public relations, bureaucratic and accounting backgrounds. The Nixon campaign mirrored their values: efficiency, loyalty, toughness, aversion to risk.

Like many business conglomerates, CREEP was set up like a ship with many watertight compartments. Each subsidiary—and there were separate ones for labor, "ethnics," Spanish-speaking, youth, business, veterans,

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and Jews—was isolated from the others, reporting only to central command. Snug inside their watertight compartments, CREEP managers, according to the Ripon Society, "concluded that the parties were generally inefficient, outmoded and totally unreliable." CREEP took over all of the Republican party's presidential campaign functions. It conducted polling, had its own in-house advertising agency, maintained tight rein over all the political operations, including volunteer activity, and had very little to do with the Republican party nationally and in most states. It also kept strict control over fund-raising and spending by the Nixon organization in each state. (Bear in mind that the tighter accounting of money stemmed in part from the 1971 Federal Election Campaign Act, which required disclosure of all contributions and expenditures over $100.)

Like earlier campaign organizations that introduced innovations in strategy and campaign conduct, CREEP—before Watergate dominated the headlines—was perceived as the model for future campaigns. It epitomized the shift from the political toward the technical and managerial. Traditional party loyalists and politicians were replaced by technicians and managers, leading the Ripon authors to conclude: "The practice and methods of modern campaigning. . . are rapidly becoming the kind of practices that are most readily accomplished in a managerial way. . . . The day of the volunteer in the management level of Republican politics is fast disappearing."

What the Law Requires

Ripon's pessimistic prognosis was issued over a year before the passage of the Federal Election Campaign Act Amendments of 1974—the Watergate campaign finance law. If they'd known what was coming, the Ripon authors might have titled their book *The Age of CREEP*.

Three provisions of the 1974 law have fostered the CREEP model in the 1976 presidential campaign: the contribution and spending limits; the requirement that candidates have a single, central campaign committee to file reports with the Federal Election Commission; and the provision requiring the disclosure of campaign contributions and expenditures.

This year's campaigns are being run in the same highly centralized fashion as CREEP. That's due to the dictates of the campaign law, not any strategic decisions by the candidate. The tight central control and accounting can be seen in all the campaigns, from the big operations of President Ford, Alabama Governor George C. Wallace, Senator Henry M. Jackson, and Senator Lloyd Bentsen; to the smaller organizations of former Georgia Governor Jimmy Carter and Representative Morris K. Udall.

While the disclosure requirements and the contribution limits have made precise accounting essential, the expenditure limits have been most responsible for forcing presidential campaign organizations to maintain strict managerial control over every detail of the campaign. The alternative is criminal prosecution by the Justice Department.

Each candidate can spend no more than $12 million seeking his party's nomination. That means that before even one cent is spent, it has to be cleared with the central headquarters. The danger is if too much is spent by zealous campaign workers in the early primaries, the candidate may exceed his limit long before the convention. It also means that whoever has final authority over spending holds the key to complete control of the campaign. The law also gives the organization the tools to maintain that control—by requiring centralized reporting of all expenditures and making the campaign treasurer legally responsible for all financial irregularities.

The upshot is that people with accounting and managerial experience have become indispensible in today's campaigns, joining the media special-

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MAURICE H. STANS
CHAIRMAN

MEMORANDUM

TO: Maurice H. Stans October 30, 1972

FROM: Buckley M. Byers

SUBJECT: Industry by Industry Campaign

Until we have had an opportunity to carefully review all of the GAO reports, it will not be possible to accurately report all of the money that has been contributed by individuals connected with any particular industry. We can, however, now account for just under $5 million that has been contributed in one way or another and we estimate that another $1,333,000 will come from the following industries or professions:

INDUSTRY	CHAIRMAN	AMOUNT ACCOUNTED FOR	AMOUNT STILL TO COME
Advertising	Tom Dillon 212-355-5800	$?	$ 25,000
Aerospace/Aircraft	B. F. Raynes 714-426-7111	226,815	25,000
Agri-Business	Emmett Barker 202-484-6730	83,882	25,000
Apparel	Rodger Lenatty 919-275-9392	2,000	10,000
Architects	William Pereira 213-933-8341 212-593-0730	111,000	20,000
Automobile and Truck Dealers	Arthur Summerfield 313-292-7411 313-239-7441	93,600	15,000
Automobile Manufacturers	Herb Kalmbach 714-644-4111	349,900	
Cable TV	David Fo 202-4[illegible]		

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ists, direct mail experts and political consultants who began to supercede the politicians during the 1960s. The manager/accountant's responsibilities are more mundane and, at the same time, more encompassing than those of other specialists. He sets up the bookkeeping system to keep tabs on all contributions and expenditures; he works closely with the campaign's political director to develop a strategy that meshes the political timetable with expenditure limits.

"The new law has made campaign management dependent on professional accounting services to an extent it never was before," says Robert J. Keefe, Jackson's campaign manager. Ben Palumbo, who formerly headed the Bentsen campaign, sees accountants today playing a "bigger role in political management than ever." (Note his use of the phrase "political management.")

One obvious problem caused by the rise of the political accountant is paying his fees. Faced with spending limits and fund-raising difficulties, these can be a substantial drain on campaign resources. For example, a Bentsen campaign aide recently estimated that it has cost at least $75,000—about 10 per cent of the campaign's total expenditure of $763,000 for the first half of 1975—to meet the accounting and reporting requirements of the new law. In addition, the candidates' 1975 campaign finance reports filed with the Federal Election Commission have shown a sharp increase in payments to lawyers to handle the related legal work.

But the ultimate price of these reforms is much greater than the sum of the costs of lawyers, computer time and accountants. Eddie Mahe, executive director of the Republican National Committee, warns that campaigns run by accountants "mean you're not going to have campaigns any more. You take an accountant who still has an accounting mentality. He can inhibit this thing to the point that you've got to have three purchase orders signed in triplicate and a contract before you do a rally."

Managers and accountants, for the most part, are outsiders to the political process and have little appreciation of what politics is or should be about—not just winning elections and drubbing opponents but dealing with public policy questions, seeking to reconcile competing groups and strengthening the parties as the permanent institutions necessary to hold the political system together.

Trading Bureaucracy for Bribery

At a time when American politics desperately needs flexibility, the new campaign finance law has mandated rigidity. The expenditure limits mean that the entire campaign has to be budgeted long before the first primary. Since few candidates can estimate in advance how much money they can raise, the budgeting process has little similarity to business expenditure decisions. This raises two problems.

First, campaigns in practice cannot be run as rigidly as the new management model demands and the law stipulates. Certain expenditures cannot be anticipated and must be made on an ad hoc basis. The very nature of the campaign process works against neat, orderly planning. "Campaigns are a messy operation," says Rod Smith, executive director of the Republican National Finance Committee. "They operate in an environment of uncertainty with little lead time."

Second, the need for strict budgeting all but eliminates the candidate's freedom to handle issues that arise late in the campaign. "You need money at the end to deal with late issues and marginal areas," says David W. Adamany, the Wisconsin secretary of revenue and a campaign finance expert. "But when you budget down to the last detail as the law requires, it precludes a candidate from dealing with events over which he has no

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control. Inflexible budgeting prevents politicians from being part of what is happening in society at any given moment." What this means is that presidential candidates may not be speaking to the immediate concerns of the voters. With everything scheduled so far in advance, primary campaigns may have all the immediacy of television reruns.

Beyond that, candidates are now encouraged by the law to divorce their campaigns from all groups they cannot control. To comply with the expenditure limits, a campaign organization must make all state and local party and volunteer efforts subsidiary to the central operation. In effect, that means that independently elected and powerful state and local politicians are made subservient to the national campaign director. Since the central campaign organization controls all the spending, it does not have to take seriously the needs of local elected officials and political leaders, who in the past would be key independent elements campaigning for a candidate on their own. Now, they cannot do anything on their own if it involves spending money. National campaign staffs have always been despised for their arrogance toward local politicians. Now these attitudes are mandated by law.

Richard Kline, Jackson's finance chairman, sees the changed equation as he goes about filling Jackson's campaign treasury. "Local politicians can't set up independent operations as they did in the past," he says. He likens the new relationship to "the negotiating process between a national corporate office and its local plant managers. You have to weigh local decisions against a national picture. They'll have to realize that their state and local operations have to take second place to national needs and the national operation. This will change the old relationship between the states and national campaigns and will affect politics immensely."

The ramifications of the new law extend beyond the confines of party politics. The law's emphasis on centralized campaign direction may put a damper on middle-class volunteer political activism, which has played an important role in presidential campaigns since 1952. "Local people usually want to do certain things on behalf of the candidate they back," says Herbert E. Alexander of the Citizens' Research Foundation, a leading expert on campaign finance. "But if local committees cannot obtain authorization to purchase a newspaper ad or a radio spot, they will not feel their activities for federal candidates are meaningful and so may focus increasingly on state and local campaigns. The law will make them feel more like lackeys of Washington." In addition, volunteers can be difficult to control, and control is essential because of the spending limits.

The drafters of the 1974 campaign reform bill thought they knew what they were doing. With Watergate and its "underground rivers of cash" fresh in their minds, they wanted a totally accurate accounting of where campaign money was coming from and how it was spent. They wanted campaigns to cost considerably less than the $60 million spent by Nixon in 1972, so they set expenditure limits. Like most good government reformers, they had a passion for neat, orderly, antiseptic procedures. To be fair, they believed they were ensuring the renewal of the parties, by allowing them to solicit independent contributions and make independent expenditures. And they thought they were encouraging the contributions of volunteer time by limiting contributions of money.

A year from now, when the 1976 presidential campaign is over, the reformers may have been vindicated. But right now, it looks like they have substituted bureaucracy for bribery and adding machines for attache cases. While that's an improvement, it's also a reminder of how delicate our political system is and how vast are the unanticipated consequences of reform. ■

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Tidbits

For You, Mr. President, $5.99

The *real* basis of Washington social life has been recognized by Peter Malatesta and Wyatt Dickerson, who are starting a new private club called Pisces. The regular members will pay $450 while, according to the *Washington Star*, "White House and other VIP government officials can join for $200."

The Federal Restaurant Subsidy

In 1960, there were two first-rate restaurants in Washington. Today there are over 30. In 1960, there was seldom more than one performance per evening in music, dance and theater combined. Today, there are often fifteen or more. The Washington metropolitan area now has the nation's highest per capita and highest household income.

The reason is simple: In 1960 the highest civil service salary was $18,000, and it was earned by only a few hundred government employees. Today the highest salary is $37,800 and is earned by over 16,000 employees. Employees making $18,000 or more now constitute 35 per cent of the total government work force, compared to less than one per cent in 1960.

If these salaries are needed to attract people from "comparable" private employment, one wonders why, according to Mike Causey, who writes "The Federal Diary" for *The Washington Post*, the Washington area alone produces 1,000 walk-in job hunters each day. "Another 1,000 people," Causey adds, "call the Federal Job Information Center each day to inquire about work. . . . For the past two years the government has had many more applicants than it has had openings."

Progress

It is reassuring to know that the government is making progress in cutting wasteful subsidies. A 1973 study of the food stamp program found a "56 per cent error rate." This year the rate is 54 per cent.

Lunch

The truest statement ever printed in a Washington newspaper:

"Most of them won't admit it, but the biggest decision made each day by thousands of people who work in midtown Washington is where they will go for lunch." [John Rosson in a recent issue of the *Washington Star*.]

How Do Porcupines Make Love?

If you've been wondering how to tell from an auditor's report if you've got another Penn Central on your hands, *The Wall Street Journal* recently provided four inside tips:

"The most obvious clue is an auditor's letter that runs more than two paragraphs. Usually, the extra paragraph is inserted to spotlight something that caused the auditor to hedge his opinion on the company's financial statements.

"If the final paragraph doesn't begin, 'In our opinion. . . .' it means the auditor is 'disclaiming,' or withholding, an opinion—an ominous sign. It usually means the company's financial uncertainties overshadow anything else the auditor might conclude about the financial statements.

"When the auditor is giving an opinion but qualifying it because of some contingency hanging over the company, the phrase 'subject to' appears in the final paragraph. In these instances, the problems aren't necessarily dire if they involve such uncertainties as pending lawsuits. More foreboding are any references to liquidity troubles or meeting debt that's falling due.

"And beware of the code words 'subject to' the company's ability to continue as a 'going concern.' These instances indicate the auditor's suspicion that the concern may be about to fail."

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and Outrages

But You Never Said You Meant All Shellfish Toxins

One of the better examples of the bureaucratic mind at work is this testimony by Dr. Nathan Gordon, a former head of the CIA's biological branch, as reported by Norman Kempster of the *Washington Star*:

"On November 25, 1969, Nixon announced that the United States had decided to renounce the use of biological weapons. He ordered stocks of such weapons destroyed. Gordon related that he was distressed by the order because 'we were beginning to see the demise of the military biological and chemical warfare program.' But then he spotted a loophole. The order applied to biological weapons. Shellfish toxin, although seemingly of biological origin, was a chemical. The order, Gordon told the senators, said nothing about chemicals. Apparently that same ambiguity was brought to the attention of the White House, because on February 14, 1970, Nixon issued a clarification. He said he wanted toxins to be destroyed, whether biological or chemical. But, Gordon explained, the second order was directed to the Defense Department and the CIA is not part of the Defense Department."

The Navy's Billion-Dollar Sitting Ducks

The Washington Monthly has often noted that the rivalry between the services for shares of the military budget wastes money. According to Clayton Fritchey, recent Navy victories in the budget war may also have weakened U. S. defense capability by saddling us with billion dollar aircraft carriers which would survive for all of ten minutes in a real war. Here is Fritchey's report on the Navy's triumph and the nation's defeat:

"In the protracted competition between the various branches of the armed services for the biggest slice of the enormous military pie, the Navy is definitely emerging as both the immediate and long-range winner. . . .

"Moreover, it is becoming clear that the big-carrier admirals, who want to keep the American Navy primarily a surface force, are coming out on top, despite the fears of many critics that these billion-dollar ships would be notably vulnerable to modern attack submarines and cruiser missiles in any major war. . . .

"As the military expenditures grow year by year (rising to about $150 billion in 1980), the Navy's share, now approaching 40 per cent, will continue to outdistance the other services, with the Army coming in last. Navy ships are projected to increase from 500 at present to about 600 in the mid-1980s.

"In the final analysis, however, it's not so much the number of the ships, as the astronomical cost of such new nuclear surface vessels as the USS Nimitz, the largest aircraft carrier ever built, which was commissioned into the Atlantic Fleet in May with President Ford as godfather.

"The Nimitz, minus her aircraft, cost more than a billion dollars and she is merely the first of a group of even more expensive ships to come. One of them is a super aircraft carrier that is expected to cost $2 billion to construct. Actually, though, when airplanes and other special equipment are added, the true long-term capital investment is more likely to be $8 billion."

Not only is the money being spent on ships we don't need, it is *not* being spent where it is needed, according to this report by Associated Press:

"Rep. Les Aspin said yesterday that projections from a sampling of official Navy inspection reports indicate that only about 30 of the Navy's 500 ships may be fully combat-ready.

" 'Instead of spending billions of additional dollars in new ship construction,' the Wisconsin Democrat said, 'we should be spending the relatively small amounts needed to improve the readiness of existing ships.'

"He said that in an analysis of 82 ship inspections, 31 between 1966 and 1973 and 51 in 1974, only five ships were found fully combat-ready."

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Now You're Thinking Like a Lawyer

by Michael Kinsley and Charles Peters

It is "Interview Season" at what is known in Cambridge as "The" Harvard Law School. This highly stylized mating ritual for law students and law firms begins September 30, lasts until Thanksgiving, and is run by a computer. Each second- and third-year student receives a print-out, listing by city and by date the hundreds of firms coming to Cambridge to interview, and a set of computer cards with his or her name punched onto them.

To obtain an interview with a particular firm, you merely wait until the appointed time three weeks before the firm's representative is scheduled to appear, then file one of your computer cards in a special file behind the computer card of the firm you wish to interview. The computer, which knows your class schedule, sends you a postcard listing the time and place of your interview, and assigns you a number. Two days before the interview, you write your number on your resume and drop it in the appropriate slot in a bank of such slots at the Placement Office. Then you put on your grey "interview suit" and go "interview."

Micheal Kinsley is a contributing editor of The Washington Monthly *and is studying law at Harvard University. Charles Peters is editor-in-chief of* The Washington Monthly.

Like a stacked deck of Tarot cards, the computer cards predict a future that is uniformly bright. Pick a card, any card, and the next thing you know you are a leader of the community earning top dollars in the city of your choice.

The popularity of legal careers requires no elaborate explanation. Lawyers run the country. Nothing could sound more antiquated than that famous comment by Commodore Cornelius Vanderbilt, the 19th-century robber baron: "Law? What do I care about the law. Hain't I got the power?" At most, a modern corporate baron could boast, "Law? What do I care about the law. Hain't I got the lawyers?" And the lawyers he "got" would not come cheap.

This very popularity, however, is threatening to destroy the law's appeal to the thousands of bright college graduates who pour into it every year. The profession is facing a crisis of over-supply and under-demand. This is a problem medicine managed to avoid by artificially limiting the number and size of medical schools. The lawyers were not so far-sighted. In the decade between 1964 and 1974, enrollment in ABA-approved law schools jumped from 54,265 to 110,713. During approxi-

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". . . anthropologists of the next century will look back in amazement at an arrangement whereby the most ambitious and brightest members of each generation were siphoned off the productive work force, trained to think like a lawyer, and put to work chasing one another around in circles. . . ."

mately the same period, the number of new admissions to the bar each year almost tripled, from 10,788 annually to 30,707.

Aggravating the problem is the impact of no-fault automobile insurance and the probable spread of the no-fault concept to other areas of tort law such as medical malpractice. Already, many law schools report that some of their graduates cannot get legal jobs at all; and even at Harvard, the students entering those interviews—if mountains can be measured in millimeters—are not quite as confident as they once were. Some of the lawyer glut may be blamed on the sick state of the economy, but not all of it. There is a wonderful resilience about the legal profession: in good times there are mergers to arrange, prospectuses to write, construction contracts to negotiate; in bad times there are lots of bankruptcies and divorces. One beauty of the adversary system is that every lawyer who finds a job for himself creates work for another lawyer to represent the other side. But this Newtonian effect is not working fast enough to provide lawyer-like incomes for the increasing thousands of young people choosing to devote their lives to the practice of law.

It's interesting to examine several currently popular schemes for legal "reform" in the context of the lawyer glut. Many of these come from Senator John Tunney, who has staked out the issue as his own and talked the Senate leadership into creating a special subcommittee for him to use as a platform on the subject. Tunney has made the connection explicit. "It's no secret that the lawyer population is exploding; if present trends continue, it will double in ten years," Tunney wrote in a recent issue of *Juris Doctor*, a "Magazine for the New Lawyer." He continued, "According to Department of Labor statistics, half of each year's law graduates from now through 1980 will not be able to find jobs in traditional areas of law. Surely these people could profitably join pre-paid panels or legal clinics, or create even newer forms of legal services programs. They will undoubtedly exert pressure on the organized bar to force down barriers to new markets for their services."

As a matter of fact, almost every major political reform of the past decade—with the significant exception of no-fault auto insurance—has had the important side effect of increasing business for lawyers. The Tax Reform

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Act of 1969 is known in professional circles as the "lawyers and accountants relief act," because of the wide areas of complicated litigation it opened up. The same could be said of the Freedom of Information Act, the campaign spending reform act, and the acts creating new regulatory commissions, such as the Environmental Protection Agency.

It would be absurd to suspect that this common feature of such disparate reforms—all associated with what has come to be called the "public interest law movement"—is the result of a conspiracy led by Ralph Nader and Senator Tunney, secretly financed by the American Bar Association. But it would be equally absurd to write it off as a coincidence. It is actually the result, not of any overt conspiracy, but of a process taught at all law schools across the country and known as "thinking like a lawyer." Thinking like a lawyer means believing that legal tools—primarily the adversary system—are ideally suited to solving all problems that come along. If there is an area of life outside the legal system in which things are not going as they should, the solution is to expand the legal system in order to bring that area within it. Properly recognizing that the legal system often fails because the "bad guys" have lawyers and the "good guys" don't, reformist lawyers set about supplying lawyers to the good guys.

Over the past decade the public interest law movement, by using the instruments of the legal profession in novel ways, has become this country's most successful force for beneficial social change. Its most important contribution has been to break the bureaucratic hold on the governmental process, slicing through red tape with legal tools sharp as surgical steel. Ten years after the emergence of Ralph Nader, however, the movement is entering a second phase. Funded primarily by foundation grants, it has learned how best to use these tools. Now it wishes to use them not just selectively, but as part of the everyday functioning of government. Unfortunately, the grants are running out, and the movement needs a permanent source of funds for its activities. The most permanent source around, of course, is the federal government. So it is no surprise to find that public interest lawyers are seeking, through various devices, to tap the federal treasury. These efforts ought to provide the occasion for a bit of soul-searching on the part of the public interest law movement. As is usually the case, however, access to tax dollars has instead made it easier to push such questions aside. But whether or not the public interest lawyers wish to face it themselves, their claim for subsidy poses the question of whether the hiring of more lawyers is the most promising avenue to beneficial social change.

Regulatory Intervention

The area of public life where public interest law probably has had its greatest impact is the world of the federal regulatory agencies. These agencies are run according to the elaborate adversary-proceeding rules set forth in the Administrative Procedures Act. The theory is that the public interest will emerge from the give-and-take of the private interests which choose to enter various policy disputes. Too often, as everybody knows, the debate covers only that narrow part of the spectrum representing the interest of the corporations which the agency was supposed to regulate. By intervening in favor of the "public" interest, Ralph Nader and others like him achieved some important reversals of policy and generally put the agencies back on their guard. But this kind of intervention is expensive, and the public interest groups lack the resources of the private corporations they are fighting. So they can intervene in only a very few disputes.

The request for a government handout follows naturally and with seeming logic: if public interest intervention serves the public by

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improving the quality of decisions turned out by regulatory agencies, the public should help pay for such intervention and make it a routine part of the regulatory system. Congress recently authorized the Federal Trade Commission to set up a $1-million fund for underwriting intervention by citizen groups in FTC rule-making procedures. The new Nuclear Regulatory Commission, successor to the duties of the Atomic Energy Commission, hired a public interest law firm to study the possibility of creating a similar arrangement for atomic energy controversies. (According to an "Executive Summary" wisely supplied with the firm's report, "The Report suggested that one must balance the arguments in favor of intervenor financing with those against it.")

The problem with these plans is that the outside intervention was necessary only because the agencies themselves were not doing their jobs properly. It hardly makes sense to institutionalize this intervention as part of a major "reform." These agencies were, after all, set up to determine what the public interest is, and to make their decisions accordingly. For reasons best known to lawyers, it was decided that elaborate and expensive adversary proceedings were the best way to arrive at this result. If, however, there is some easy and inexpensive way by which someone who is charged with intervening on behalf of the "public" interest can independently determine what that interest is, the proper arrangement would be to put that someone in charge and dispense with the whole expensive regulatory apparatus. Probably there is no such easy and inexpensive way. We can look forward, it is safe to predict, to much complicated and costly litigation about who is entitled to use these "public interest intervention" funds in each case, *followed* of course by the costly and complicated traditional regulatory process.

The public interest lawyers are not through with the regulatory agencies at this point. In his well-received 1974 book about public interest lawyers, *The Genteel Populists*, a former public interest lawyer named Simon Lazarus (now with the firm of Arnold and Porter) staked an elegant claim for the title of chief dialectician and theorist of the public interest law movement. After placing the movement in the perspective of history and legal theory, he concluded that the real hope for reform lies in making regulatory-agency decisions more easily appealable to the courts. You have to be a true believer in the adversary system to believe that a three-level sandwich of procedures, with the government paying for the judge and one side of the dispute at each level, is really the most effective method of government decision-making.

The answer is not to add levels of adversary proceedings, but to strip them away. In many areas, complete deregulation will restore the competitive rigors of the marketplace, for which adversary proceedings before a regulatory agency are only a pale and ineffectual metaphor. In areas (such as health and safety) where government regulation must continue, expedited proceedings should depend less on the lawyers and more on the reservoir of expertise and good sense available to well-chosen commissioners.

What the adversary system does is pit two sides against one another, with self-interest motivating their lawyers less toward the pursuit of truth and justice than toward the pursuit of victory. Between the lawyers stands a judge, who in the dominant tradition of American law is not a seeker after truth, or justice either, but rather a neutral referee seeking only to ensure that the combatants obey the rules of fair play.

It is possible for disputes to be handled otherwise—by judges who do seek justice and truth (as they do in England in at least some cases), who keep lawyers out of their courtrooms and take responsibility themselves for protecting each party's rights (as they do in a few American small claims

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courts). It is also possible for disputes to be handled by mediators who seek solutions that are fair to both sides and that will enable the disputants to go forward as friends rather than enemies.

But as Laura Nader and Linda Singer pointed out in a recent paper, "Dispute Resolution in the Future: What Are the Choices?", lawyers are doing very little to encourage any solution of disputes outside the adversary system. When the Los Angeles County Bar Association attempted to provide arbitration of disputes between attorneys and their clients, the lawyers refused arbitration more than half the time.

Fee Shifting

Another major reform being advanced by the public interest law movement appears at first to address itself to a broader slice of American legal life than the regulatory agency subculture. This reform involves the controversial principle of "fee shifting."

The long-standing "American Rule" holds that each side of a civil suit must bear its own legal fees, no matter who started it in the first place, and no matter who ends up winning. In England the court usually is free to force a losing party to pay the winner the legal costs generated in vindicating his or her rights.

The American exceptions to the "American Rule" always have been very limited, but one of them has been expanding in recent years. This is the so-called "private attorney general" exception, which holds that when a suit is brought which not only benefits the individual plaintiff, but furthers an important and clearly established government policy, the court can force the defendant to pay the plaintiff's legal fees on the grounds that the plaintiff is acting not for himself but as a "private attorney general" on behalf of all the people.

Most of the expansion of the fee-shifting principle has occurred in the area of the civil rights laws. Hopes that it might be extended to other areas were thwarted by the Supreme Court last May. In the *Alyeska Pipeline* case, the Court refused to make the oil company consortium which was building the Alaska pipeline pay the legal costs of a challenge by Friends of the Earth and other ecology groups. It did, however, explicitly invite legislation to clarify the fee-shifting issue.

Following *Alyeska*, Senator Tunney introduced a bill authorizing fee shifting in civil rights cases. Moreover, as chairman of the Constitutional Rights Subcommittee of the House Judiciary Committee, Tunney is on record as favoring the expansion of this principle to other areas of "public interest" litigation.

Under the "American Rule," some stranger may descend upon you out of the blue, sue you for a variety of fabricated reasons, lose, then disappear leaving you with a mountain of legal bills and no recourse. This is one of the absurdities which first-year law students struggle against in their hopeless battle against the legal mind-set. The reason most frequently given in defense of the rule is that we don't want to discourage people from exercising their right to sue other people by placing too great a burden on the risk of losing (the fear of discouraging litigation being an important part of thinking like a lawyer). On the face of it, a change in the American Rule seems eminently reasonable.

But it is clear from the exceptions already made, and from the line-up of forces urging more, that the reforms now being pushed by public interest lawyers are intended to help not unwitting defendants but plaintiffs. In particular, they are intended to pay the fees of public interest lawyers who want to sue the United States government. Lurking behind the fee-shifting proposals is the same theory of government decision-making by adversary proceeding that has provoked the public interest intervenor proposals. When public interest groups see a regulatory agency, or the antitrust division of the

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The Washington Monthly's

Memo of the Month Book

★★★

Justice Department, or the HEW Office of Civil Rights failing to perform its legal duty, they will be able to dig up a plaintiff, sue the government on his or her behalf and have the government pay for it.

So far so good—if they win and the government loses. But suppose the government wins. Should it still pay the fees? A lot of public interest lawyers think so. And there are already cases holding that such fees may be awarded if the court feels that important policy questions were raised, whatever the ultimate outcome. Thus a reform which could be profound—if the losing party had to pay the fees, those in the right would be encouraged to use the courts and those in the wrong would be encouraged not to use the courts—is perverted into a method of getting the government to finance the public interest law movement.

Law for the Masses

Most far-reaching of all are the various schemes to expand the availability of legal services to the masses of American citizens for use in the struggles of their daily lives. Once again Senator John Tunney is in the forefront. Tunney spearheaded the bill creating the Legal Services Corporation, a government organization providing legal services to the poor, a job abandoned during the dismantling of the Office of Economic Opportunity.

Tunney also has held hearings on what the government can do to encourage creation of pre-paid legal services plans, in effect legal insurance, under which individual members of unions and other groups would pay a set annual fee, which would entitle them to whatever legal care they might need each year. Under some such plans, the legal services are provided by members of a particular law "clinic" ("closed" plans); under others, the plan pays the bill of any private lawyer the member wishes to retain ("open" plans).

Tunney believes that millions of Americans suffer every year because they do not have access to, or cannot afford, decent legal services. In support of this proposition he advances an oft-cited statistic first published in 1974 by the American Bar Association: two thirds of the people in the United States have consulted a lawyer only once or twice in their lives, and one third have never consulted a lawyer at all.

Undoubtedly millions of average Americans get screwed because they do not have access to a lawyer. But this statistic alone does not prove it. The vast majority of Americans has never had the occasion to call upon the services of an accountant or a glass cutter or a flower arranger. And, however much this fact may pain the members of these professions, it is not likely, let alone obvious, that the vast majority has suffered as a result of this deprivation. Inherent in the use of such statistics as the ABA's, and in the whole notion of pre-paid legal services, is a hidden analogy to medicine. The fact that millions of Americans go through a year without seeing a doctor may indeed be a scandal. It is possible, however, to lead a happy and healthy life which is nonetheless litigation-free.

Death brings out what would seem to be an inevitable need for lawyers. You need a lawyer when you make a will and your family may need a lawyer when you die. But even these real needs are not as great as the legal profession would have you believe. Most wills, for example, are almost all "boiler plate"—chunks of colorful but standardized verbiage required, where simple declarative sentences might otherwise do, to satisfy the voodooistic needs of the legal profession. Determining which chunks of boiler plate you need is usually a simple process which could be done quite cheaply by walk-in clinics. As for probate, Wisconsin is the first state in the country with a do-it-yourself probate law. It permits you to settle your parents' or your spouse's estate without paying thousands of dollars to

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lawyers as you do in most states. Naturally it was opposed by the state bar.

The other occasions when everyman needs a lawyer are divorce and auto accidents. Both can be solved by the no-fault concept. Under the adversary concept in divorce cases, every Othello not only must suffer an Iago, but must pay him for his services. Desdemona must do the same. Under no-fault, simple forms are filed with the court and a divorce may be obtained without involving the parties in life-long hatred of each other.

The auto accident is the most absurd situation of all for adversary proceedings. Remember the word is "accident." No one did it deliberately or recklessly—if someone did, there would be criminal prosecution. In the typical "accident" case, each party is trying to prove the other was at fault when no one was really at fault. This involves both parties in lying, which in turn makes them hate the other guy even more. In no case does our righteous anger against the lies of another mount to such heights as when we are lying, too.

This particular charm of the adversary system was well illustrated in a recent Corporations class at "The" Harvard Law School. The professor proposed a "hypothetical": Two men want to buy a photography business owned by a third man. Although they have not settled on the exact price, all three are amicably agreed on the general contours of the deal. They come to you to write up a contract for them. What's the first thing you should do? The answer: send either the buyers or the seller out to get another lawyer because for one lawyer to represent all of them would be a "conflict of interest." The class was divided down the middle aisle, with each half of the room assigned to represent one party to the deal. By near the end of the hour, several promising areas of discord had developed. The last few minutes were spent discussing whether the two buyers shouldn't really have separate lawyers as well.

It used to be that only the rich needed lawyers. As the law infiltrates more and more aspects of daily life, it is increasingly necessary for poor and middle-class people to have legal advice available to them. If you are a group, such as a union, representing a large number of middle-class people, it is quite reasonable to arrange to provide the legal services your members need at a reasonable cost. But if you are the government, making social policy, you might more profitably concentrate on eliminating the various problems that drive people to lawyers. Tunney and others have attempted to delegalize various aspects of modern life and to reduce the cost of lawyers when they are needed. But if lawyers are available to all at what appears to the client to be no cost for any individual visit or service, it's hard to see how the trend can be anything but the exact opposite.

When pre-paid legal services become universal, this country will become a nightmare of litigation. As we put it in *The Washington Monthly* of February 1974, "If paranoia is the major mental disorder of America, lawyers are its Typhoid Marys." People worry about medical insurance causing over-use of medical resources by people who don't really need them. This is why most medical insurance plans do not cover basic office visits. Obviously the potential for this kind of abuse is infinitely greater in the legal area.

The American Bar Association is slowly coming to support most of the schemes to increase public "access to" (read: dependence upon) legal services. The big news coming out of the ABA convention last summer in Montreal (front page, Sunday *New York Times*) was that—"belatedly, according to some critics"—the legal profession was beginning to realize "that millions of Americans do not get the legal services they need."

At this convention, the ABA officially recognized the public interest law movement with a resolution stating "that it is a basic professional responsibility of each lawyer engaged in the practice of law to provide

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public interest legal services." This resolution had been amended at the last minute, with lawyer-like precision in the use of ambiguity, from an earlier version referring to "the professional duty" rather than "a professional responsibility."

In 1972 the ABA House of Delegates officially acknowledged the existence of pre-paid legal services plans. The Bar Association even funded two experimental "open panel" plans, in which the clients were free to choose their own lawyers from any member of the local bar. In 1974 the ABA helped Senator Tunney lobby through the bill creating the Legal Services Corporation.

The reasons for the change of heart on the part of the legal establishment are not hard to fathom. The evolution in the ABA's attitude closely parallels that of the American Medical Association toward Medicare and other government-funded medical programs. First comes total opposition—fear of the unknown. Next, we have attempts at co-option. The ABA's "open plan" pre-paid experiments come under this heading. While endorsing those plans which merely added the element of insurance to the present unregulated private law industry, the Bar Association was busy placing obstacles in the way of attempts to create "closed panel" plans which would replace private practice with legal clinic-type arrangements. Anyone who has studied the AMA's answer to the calls for national health insurance will notice the similarities.

When the doctors discovered that Medicare and similar plans could, if kept properly out of control, double or triple their incomes, their attitude underwent a final change from reluctance to wary embrace. We predict that the lawyers, always a bit quicker on the uptake than the stethoscope set, are on the verge of a similar revelation. It is clear after ten years that Medicare and Medicaid are the best things that ever happened to the medical profession. They have increased the doctors' business, eliminated the need to charge any patient less than the highest normal fee, and together with Blue Shield, made the average patient totally indifferent to rises in charges for medical services.

Human Capital Shortage

Recall Senator Tunney's image of thousands of bright young men and women fanning out from law school, using their tightly rolled diplomas as battering rams to break down the barriers to new markets for legal services so they can put their degrees and intelligence and energy to some use. This image suggests that the greatest waste is not simply that of government money. Few of those thousands of bright young men and women coming out of law school were naturally attracted to legal careers. Rather, they have sat—bored out of their minds—through three years of Civil Procedure, Corporate Tax, and Commercial Transactions, captive to a social incentive structure in which lawyers reap the greatest rewards of money and power.

To most bright people, lawyering is a boring and demeaning way to make a living. If society really needs thousands of new lawyers every year in order to function properly, this incentive structure would make a good deal of sense. But if, as it is moderately popular to suppose, the United States has passed its zenith and entered a long period of decline, anthropologists of the next century will look back in amazement at an arrangement whereby the most ambitious and brightest members of each generation were siphoned off the productive work force, trained to think like a lawyer, and put to work chasing one another around in circles; where, as things got worse and worse, social reformers, cured by the Republicans of the habit of trying to solve all problems by throwing money at them, took to throwing lawyers at them instead; and where the portion of the population that went through a typical year happily oblivious of the legal profession slipped from two thirds to one half, to a quarter, to none at all. ■

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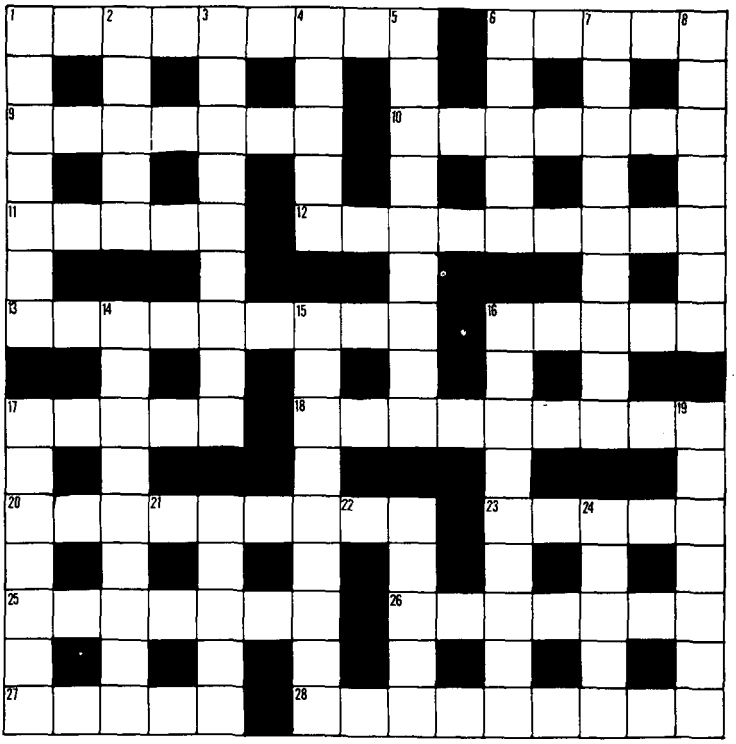
the political puzzle

by John Barclay



Across

1. Congressional group organized to time comet. (9)
6. Runs easily in gallop essay. (5)
9. Car part produced from mere mat. (7)
10. Varied Congressional interests revised. (7)
11. Royal family throws out doctor. (5)
12. Being in the Senate vests none with name. (9)
13. Rescues, or more correctly, supplies. (9)
16. Raced helter-skelter for the tree. (5)
17. With Ed, the poorest could make fine cloth. (5)
18. Where electric train yet roosts. (3,6)
20. Kay Graham found in plush bier. (9)
23. Muse called on to orate. (5)
25. Poet won command on good bridge hand. (4,3)
26. Lobby group stirs up husband's fear. (7)
27. Herb of the hour we hear? (5)
28. Record failure is Washington news leak? (9)

Down

1. Repatch arrangement of Red Cross branch. (7)
2. Acted a thousand, half up. (5)
3. Break in pit return confusion. (9)
4. Characterizes Presidential reigns. (5)
5. Send yells around eternally. (9)
6. Flood protection results in bicycle veering left. (5)
7. Tire drops confused southpaw. (9)
8. Rerents flexibly to become more rigid. (7)
14. Plants where the modest receive masseur. (9)
15. Aim of chasing Jack Frost? (5,4)
16. Church had claret mixed. (9)
17. Why sulk, we hear, when surfer falls. (4,3)
19. Backer of crazy porno ship. (7)
21. Comes between bird and hand. (2,3)
22. Divisions develop first. (5)
24. It helps keep auto out of cabarets. (5)

The numbers indicate the number of letters and words, e.g., (2, 3) means a two-letter word followed by a three-letter word. Groups of letters, e.g., USA, are treated as one word. Answers to last month's puzzle are on page 22.

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The Martial Arts

by Jane Berdes

Arts lovers are fond of pointing out that the United States government spends less money on the arts than most Western nations. They will tell you that the National Endowment for the Arts' annual budget of $74 million is somewhat less than the cost of one large bomber. All too true. In fact, though, the government spends more on the arts than is immediately apparent. The extra money—well out of Nancy Hanks' reach—is tucked away in the Pentagon's huge $100-billion budget. "Martial arts" these days has a double meaning. The Pentagon trains, in addition to its conventional output of chopper pilots, cryptologists and bomb-aimers, squadrons of tympanists and oboe players.

No one at the Defense Department seems to be quite sure how many millions of military money are being diverted from firepower and spent on music and paintings. "We can't give out any budget figures," says an Army information officer. "The questions have just not been asked before." Nevertheless it is a good bet that when all the ceremonial bands and Herald Trumpets and Army Strings are counted, the Defense Department spends more money on the arts than the National Endowment for the Arts.

Responding to queries from Rep. Les Aspin, a House Armed Services Committee member who is frequently critical of military spending, the Defense Department's Directorate for Armed Services Manpower reported in 1974 that the Army had 64 bands ranging in size from 29 to 227 musicians, with a yearly budget of $21.4 million; the Navy had 40 bands and 1,171 musicians at a cost of at least $10 million; the Air Force had over 25 bands costing $13.4 million; and the Marines had 12 bands and a $4 million budget. By comparison, the National Endowment for the Arts spent $7 million in 1974 supporting symphony orchestras.

Beyond these incomplete figures, the picture of the Pentagon's musical activities rapidly becomes hazy. No mention is made, for example, of the

Jane Berdes is a Washington writer specializing in the arts.

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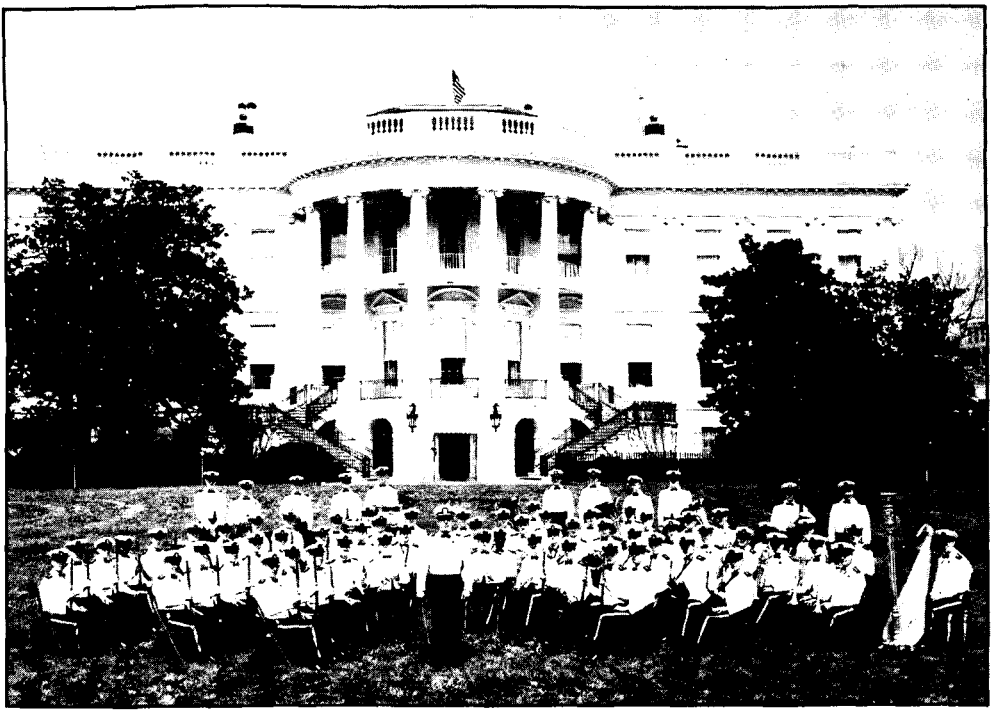

29-year-old, 60-member Strategic Air Command Band, of National Guard and reserve bands, of Coast Guard musical organizations, of the unique, all-female Women's Army Corps band, or the 14th Army Band, based at Fort McClellan, Alabama, or of military programs at hospitals, soldiers' homes, and service academies, or of ROTC programs. *Music Journal* reported in 1971 that the Army alone had 68 marching bands, 17 reserve bands, 55 Army National Guard bands, and 347 Reserve Officer Training Corps bands, giving a grand total of 487 Army bands.

The Pentagon admits to maintaining only 143 military bands involving 6,000 full-time military musicians. Some 1,200 of them are stationed permanently in the Washington, D. C. area as members of six Pentagon "premiere" concert bands. These are the U. S. Marine Corps Band, the U. S. Navy Band, the U. S. Air Force Band, the U. S. Army Band, the U. S. Army Field Band, and the new U. S. Armed Forces Bicentennial Band, launched last January with an official price tag of $4.3 million, but which reportedly costs closer to $7 million.

The Bicentennial Band is a brainchild of the Pentagon's Directorate for Community Relations, which has been working on Bicentennial plans since 1967. The new 130-member band is meant to symbolize "the unity of our nation and her armed forces... carrying to as many Americans as possible through its music a renewed spirit of national commitment." Since its debut in March at the Kennedy Center, the Bicentennial Band has performed four times in the capital area between tours which will take it to all 50 states and territories before it disbands at the end of 1976. In April the band played in Manchester, New Hampshire, sponsored by the editor of the Manchester *Union Leader*. The paper's music critic quoted audience reaction as: "Tell Mr. Loeb we loved it."

Log-rolling is as important as drum-rolling in military bandsmanship. For instance Lt. Col. Hall J. Gibson, conductor of the Bicentennial Band, interrupted a day-long July Fourth concert of martial music in

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Washington to announce the next selection: "We're going to play a new work which is a great march by one of America's great march composers," he told the standing-room-only audience. "It's called the 'Secretary of Defense March,' and it was written by Secretary of the Navy J. William Middendorf II and dedicated to Defense Secretary Schlesinger. I hope you will all take paper and pencil and write Secretary Middendorf telling him how much you like his composition." Lt. Col. Gibson concluded the concert by leading the band in a medley of service anthems, urging his audience to stand and applaud for their favorite branches.

Beating Swords into Piccolos

Almost all military bandsmen are required to spend 18 months training at the Defense Department's Armed Forces School of Music in Norfolk, Virginia. The curriculum includes courses on concert and marching band performance, combo and stage band experience, theory and harmony, along with ear training and private lessons. The school has a library of 10,000 compositions, three large rehearsal halls, recording studios, and 100 individual practice rooms. According to *Music Journal* it "compares favorably with the finest music schools in the country and stands as additional tangible evidence of the military's pledge to maintain superior musical organizations." The Defense Department also provides Washington-based military musicians with 75-percent tuition assistance toward advanced music degrees.

Rep. Aspin objects to the Armed Forces School of Music. "The Pentagon is tooting its own horn to the tune of $5.4 million a year," Aspin charged in a recent newspaper article, noting that the school gives "military musicians the same amount of training as jet fighter pilots." Last year Aspin publicized the Pentagon practice of paying re-enlistment bonuses to musicians playing needed instruments. A French horn player, for example, received $6,231 for re-enlisting. Defense has since abandoned such re-enlistment bonuses for musicians, as it has another program attacked by Aspin—the National Guard practice of sending bands to Europe for summer training. (Nagging question: would Aspin have objected to the training of French horn players if the National Endowment for the Arts was paying for it instead of the Pentagon?)

Pentagon-sponsored public spectacle is not restricted to that provided by marching bands. In May the Air Force Academy Glee Club flew into Washington during one of its three yearly tours to participate—at the request of General Robert E. Brown, chairman of the Joint Chiefs of Staff—in services for the U.S. Air Force in Washington Cathedral. Among the group's several other Capital-area performances, some secular, some religious, was an appearance at the annual arts festival of a high school in Maryland. The show's theme was "Let's Get Together," a message conveyed in a wide variety of musical genres, from pure martial to martial rock.

The Pentagon gets involved in the performing arts in other unexpected ways. A music and theater program under the Army's aegis runs amateur shows and administers scholarships to soldiers with funding from leading colleges, universities, and professional companies. Now that the United Services Organization has had its funds cut by 50 per cent, the Army has established the Armed Forces Professional Entertainment Program to take up the slack. Unlike the USO, however, the Army does not pay its professional, semi-professional, and college entertainers to perform for servicemen, but only provides travel and subsistence funds.

Then there are the visual arts. The Defense Department operates 700 regional arts and crafts centers on military bases, at a cost of $13 million annually. Military art galleries own 30,000 combat art items, including confiscated World War II German art

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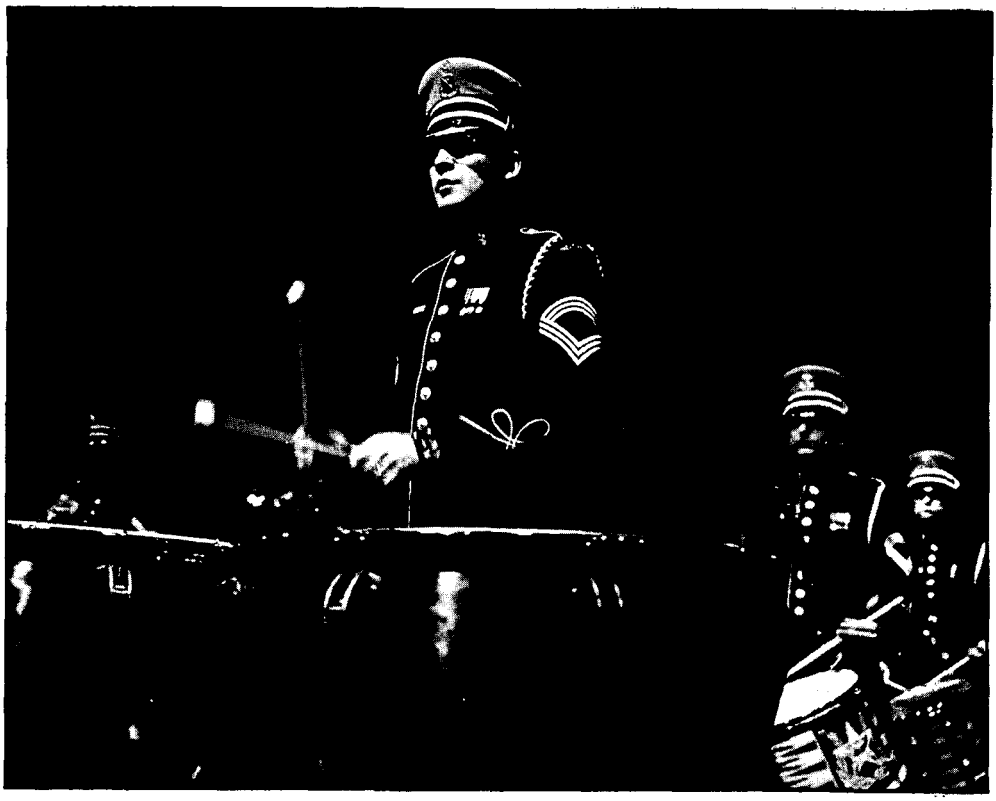

treasures. The Army's 13,500 piece collection is valued at $4 million and includes 1,050 paintings by 50 artists donated by Time, Inc. Exhibits drawn from these collections tour the country free of charge, for public display in city halls, libraries and shopping centers. The Pentagon itself is something of a gallery, containing three exhibits, as well as graphics displays by Central Intelligence Agency employees, and specially commissioned portraits of past and present Secretaries and Deputy Secretaries of Defense.

One Pentagon department offers "economic adjustment aid" to communities that have experienced defense spending cutbacks. In Newport, Rhode Island, for example, the County Arts Council received a grant to set up an outdoor sculpture exhibit as a spur to tourism, to make up for a reduction in more conventional regional military spending.

In addition, professional civilian artists are frequently commissioned to tour military bases for short periods, then return home to complete works of art based on their sketches and photographs. The Air Force in 1973 made 65 such commissions; the Navy made 21. Since 1966, the Marines have used over 80 commissioned artists. And, according to Army Field Manual 21-35, military maps are nowadays classified as "art." This was an astute move by an unusually clever military bureaucrat, who understood the current taste for subsidizing the arts, rather than military hardware.

The military budget has, in recent decades, included sufficient "fat" that expenditures for such peripheral items as music, painting and sculpture have become well established. Trimming away the Pentagon fat is undoubtedly going to reduce this disguised government spending on the arts. But it will create a dilemma for those who are adamantly opposed to military spending and just as adamantly in favor of government support for the arts—yet see no contradiction. ■

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The Spoiled Child

by Henry Fairlie

In the years since Dwight Eisenhower led an army into Europe, the course of the United States at home and abroad has been astonishing. To look back now is to find a landscape that is barely recognizable, yet one in which the signs were already posted to the landscape of today. It is near the end of World War II that we may start.

America was turned outward to the world. The shelves of bookstores were filled with books and maps that seemed to announce a new world, of which the New World had become the center. Europe and even Australia were shrunk to the size of frankfurters, as someone said at the time, whereas the American continent was so enlarged that Winnipeg "suddenly showed up as the center of the world." The revolution was Copernican in nature: America had become the sun around which its satellites revolved.

It was not just an advent of power that was being celebrated, but a sense of mission in the world, and of confidence in its success. Bonwit Teller advertised a new perfume that was called "Bretton Woods"; across Central Park a new saloon opened on the corner of Broadway and Seventy-third with the name of "Dumbarton Oaks." At a more serious level, Thomas E. Dewey declared, three weeks after the invasion of Europe: "I say to you, our country is fighting its way to new horizons. The future of America has no limit." Playing in *A Guy Named Joe*, Spencer Tracy gave the mood a characteristic utterance: "Everything's going to be prettier, you're not going to have any more bad dreams, you're going to have all the things people have, your life is going to be living, laughing, fighting, and loving." Thirty years later, there seemed to be nothing but bad dreams in the land, and everything did not seem to be prettier; or so at least we have been persuaded.

It was a time when even the most traditional institutions in the country were trusted to cope with the new international responsibilities; the confidence of the United States was the confidence of its middle class. In particular, the professional leadership of the middle class was seized by a progressive spirit that was unusually generous in its estimate of the Ameri-

Henry Fairlie is a British writer. This article is adapted from his book, The Spoiled Child of the Western World, *to be published in January by Doubleday.* *©1975 by Henry Fairlie.*

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"In the United States, the idea of the child as born in sin was quickly transformed, first into the optimistic notion of the child as redeemable, and then into the extravagant promise of the child as redeemer. It is in the twin concern, with the child as an individual and with him also as the guardian of the future of the Republic, that we know we are in the United States. The promise was held out that, generation after generation, the individual could be so made that, generation after generation, the Republic would be redeemed."

can people, their needs and capacities; it had not yet cultivated a disdain for the ordinary people of the country and their cares. Middle class organizations such as Americans for Democratic Action were not yet contemptuous or supercilious in their attitudes to the working class; it was assumed that each needed the other.

The confidence of the middle class—in themselves and their country, its institutions and its people—rested to a large extent on the fact that it could still draw on the resources of its conventional morality. Even its professional and intellectual leaders, who might not observe its traditional standards in their private lives, and sneered with Mencken at the "booboisie," were in fact sustained by the awareness that the morality and the standards were nevertheless secure—somewhere.

"There was not the slightest evidence in the 1930s, or even in the decade following," wrote the distinguished American sociologist Robert Nisbet in 1971, "that the time would shortly come when to be middle class would mean being indulgent, permissive, tolerant, in a wide range of political, social, and moral matters to a degree that can only be called radical (and to a degree that would certainly have appalled either Marx or Freud)." But perhaps the evidence was there, if only the signs had been read. The signs of experimentation, of a straining to be free from the standards and morality of the past, were already to be discerned. In short, the spoiled child of the Western world was about to arrive.

As early as 1940, observers were already commenting on the extraordinary growth of the middle class in America. During the preceding seventy years, whereas the working class had multiplied only six times, the middle class had multiplied eight times, and the new middle class of salaried employees no less than sixteen times. By the 1950s the middle class in America was a social phenomenon of considerable novelty and interest. It was in many respects the entire society, and those who did not yet belong to it were soon to be called "the minorities" or "the disadvantaged." It was composed of "the common man," within whose way of life (rather than against it) his children would appear to rebel. There was no profound social protest to make, no

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protest of a class on its own behalf or on behalf of another. In these circumstances, it could be a rebellion only of the self and, as we will see, the ground for such a rebellion in the popular culture had in the high culture been prepared for a long time and in many ways.

If the middle class in the United States at the end of the Second World War was about to become "indulgent, permissive, tolerant, in a wide range of political, social and moral matters," it was because two influences were already at work: a science that was creating the *opportunities* for permissiveness, and a culture that was encouraging the *experimentation* with permissiveness. Science (with its handmaiden, technology) had said: "We have freed you from the physical constrictions of the past." Art had said: "Freed from the constrictions of the past, you may now experiment with your freedom."

Permissiveness is too slight a word to describe the kind of freedom which, by 1945, could be imagined as a result of the advances in science and technology. Life itself was being reshaped in no obvious mold. At the end of 1943, for the first time in its history, the American Medical Association published a list of approved contraceptives in its journal. This was a concession by medical science to the morals that science itself had made possible.

The consequences of this science and technology have often been as far-reaching as they have been indirect and unintended. In 1944, 16 million women in the United States had jobs; almost four million of them were employed in war industries. Observing these figures, Fannie Hurst commented on the opportunities for the further emancipation of women after the war, but immediately added: "I am beginning to doubt whether we want it. Home fires are going to roar"; and roar they did, although the metaphor seems a little inappropriate to most American homes. But what were the women to do in their homes? Even those home fires did not need their attention. Increasingly the freedom from the physical constrictions of the past had given their lives not so much a new shape as no recognizable shape at all.

One of the answers was given by Alexander Wiley in 1948, when he was the U. S. Senator from Wisconsin, in words that can be cherished: "When I see my grandchildren, these lovely clods of human clay given to us by God, I reflect that each of us is a sculptor of that soft, receptive clay. We can fashion it whichever way we will. We can make of it a masterpiece of human art." But this attention to the child, having become the primary if not the sole occupation of the woman in her home, in fact yielded a generation of parents who were more permissive than could have been imagined only a generation earlier. The clay was not shaped, it certainly was not fired; and the most important of the reasons was that life had ceased, as a result of science and technology, to be as hard and earnest as before; it was understood that it would be even less hard and earnest for the new generation when it reached maturity.

By the 1950s the struggle for existence had ceased to be a preoccupation in the lives of the majority of the American people. Even the vogue of existentialism at that time, which could be interpreted as recommending a kind of permissiveness, had its origin in this fact: since the struggle for existence had ceased to be a problem, one's existence itself became the problem. Existentialism is not a philosophy for someone who lacks a crust of bread. The voice of an earlier generation, pointing the contrast, may be heard in an answer that Patricia Nixon gave to Gloria Steinem during the 1968 election campaign: "I never had the time to think about things like that—who I wanted to be, or who I admired, or to have ideas . . . . I've never had it easy. I'm not like all you people. . . all those people who have had it so easy."

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Diana H. Walker

Being and Nothingness

Art was to become the accomplice of science. Since the struggle for existence was over, the effort could begin to remake that existence. The urban middle-class popular culture was in the mood to experiment, to try new things. In 1944, Alfred A. Knopf made the surprising announcement that his second best seller of the year, after *A Bell for Adano*, was *The Prophet* by Kahlil Gibran; and at the same time there appeared the first English translation of the *Bhagavad-Gita* that was both authoritative and readable. Immediately it was reviewed in the news magazines, whose editors did not seem to regard it as a provocation to their readers. Eastern religions have always been given a hearing in the United States, but this was the first time, at least since the days of the Theosophical Society, that there was evidence of their attraction for the popular mind, of its willingness to experiment with them, as it was also beginning to experiment with drugs. One of the first popular news stories about the use of marijuana appeared as early as 1945 in *Newsweek*, which called it "a notoriously troublesome civilian problem," no longer confined to jazz singers and black ghettos.

After the liberation of Paris in 1944, lines of American soldiers filled the Rue Saint-Augustin to pay tribute, not to Charles de Gaulle, not to a night club singer, but to Picasso, who in the end had to plead that they would honor him more if they left his studio to him. The master could not make a remark so silly that the news magazines would not print it. Art had become a celebrity, and leading the way was the advertising industry. "The unassailable fact," said *Printer's Ink* in 1944, "is that one of the most conspicuous trends in advertising today is the adoption of surrealist techniques in advertising illustrations"; and it added that it was odd that such a "radical, eccentric art form should

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have been embraced by the most conservative element in the American community, i.e., business." Today we do not find it odd; we are well aware of the role of "Madison Avenue" in the culture. But the phenomenon was then new.

We are now used to the rapidity with which the messages of the high culture are transformed into the codes of the popular culture; and since the high culture has for long been experimental, the popular culture has in turn been attuned to experiment. By the time in 1949 that Andy Warhol moved to New York, "frail and pallid, raggedy and poor," the stage had been set for him.

The urban middle-class popular culture of the United States had already gone before, preparing the way for him to take the actual world and, by painting his signature on it, to turn it into a work of art. Freed from the struggle for existence, each man might be an artist, and the artist in particular of his own life. It is in this sense that one speaks of a spoiled child: freed from the physical constrictions of the past, he gives himself now to the gratification of himself in his-self, the immediate satisfaction of what he conceives to be his vital desires.

By the end of the Second World War, existentialism was already beginning its spectacular career from the high culture of Europe into the semi-literate culture of the United States. Again the news magazines bent their energies with a grotesque earnestness to expound the "philosophy." A reader of *Time* would by 1947 have grown facilely familiar with the vocabulary of "anxiety" and "absurdity" and "being in the world," and the associated vocabulary of "alienation." By 1948, Kafka had become a hero, not only of the literary critic, but of the popular culture, celebrated as the archetype of the contemporary man, the dedicated artist, and The Victim. Any pressure of society on the individual was described as "Kafkalike," and the incitement of the individual to defiance was implicit.

The spoiled child was taught to despise both the reality and the ordinariness of the human situation, and to meet it with an invigorating even if superficial conviction in the possibility of his personal salvation. By a "wild leap of the will," as Iris Murdoch puts it, he could even fly in the face of facts.

The Child as Redeemer

In the United States, the idea of the child as born in sin was quickly transformed, first into the optimistic notion of the child as redeemable, and then into the extravagant promise of the child as redeemer. It is in the twin concern, with the child as an individual and with him also as the guardian of the future of the Republic, that we know we are in the United States. The promise was held out that, generation after generation, the individual could be so made that, generation after generation, the Republic would be redeemed.

It was after the Second World War that this idea became a form of national mission, and the literature of Women's Liberation is false in believing that the emphasis that was then placed on motherhood and the family was merely, although it certainly was in part, a device to keep women in the home. The center of concern was the child.

An article, one of hundreds, in *American Family* in 1949, put it clearly: "Parents who make companions of their children, who treat them as equals and friends and who join with them in their enjoyment of life, are amply rewarded in knowing that their children when they leave home are fortified with characters that will stand any test which may be met . . . . Our world and tomorrow's civilization are in the hands of the parent of today's children." The prescription is far-reaching. To read the family magazines of those years is to read of a nation that was confident in its power and its mission in the world, and certain that it could make the future

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by making its children.

Turning to literature, we find that the adolescent was exquisitely celebrated by J.D. Salinger. Here indeed was the child brought forth as redeemer: the prescriptions of *American Family* in the 1940s pursued to their logical conclusion in the self-centered Holden Caulfield, the artless child as artful dodger. Salinger's dreadful creation was to become the folk hero of the young, and especially the educated young, of the American middle-class family, and especially the educated middle-class family, in America. What most matters in the career of Holden Caulfield is not that Jerry Rubin says: "I dug *Catcher in the Rye* . . . . Holden Caulfield is a yippie," for that is an influence one would expect. What matters is that he had an adult audience as well, he was tenderly appreciated even by adult sensibilities, and given by them a palm.

The persistent accusation of hypocrisy against the adult world which is made by Holden Caulfield was accepted by the adults themselves, as they again accepted it when he issued in real life as Jerry Rubin; and again we ought not to be surprised when we consider what the adults had been taught, by their own literature, that spontaneity and authenticity are to be found only in the self, untouched and unguarded, in other words in the child.

'A Slice of Cheese'

The spoiled child is now sovereign in our Western societies, bent on discovering his-self only in himself, asking to be judged only by what is unqualified in him, untutored and undeveloped, his sincerity and his authenticity; distraught by his spontaneity, the immediate expression of what he conceives to be his vital desires; given to the exploitation of his-self in any god of his imaginings; finding in nature any reassurance that he requires, whether of his godlikeness or his beastliness; reducing the whole

we bring them all together

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of life to the pinpoint of the self, yet demanding of it the gratification of all his appetites, only to complain, when they are refused, of his alienation.

We should not be surprised to find this spoiled child most fancifully represented in our images of our movie stars, in a Marilyn Monroe as once in a Brigitte Bardot. "If as a symbol, she stands for anything in our times," it was solemnly said of Bardot, later to be repeated with as much solemnity of Monroe, "she stands for the absurd, for a view of life characterized by profound, sad, dizzy, gay meaninglessness. As she herself said at Androvet, the cheese restaurant, 'If life is not a slice of cheese, what is it?' " It is to this idiocy that the philosophies of the contingent and the absurd are in the end reduced. But the maundering of the movie star, whom one may expect to be idiotic, is no more trifling than that of a writer such as John Barth, who is taken to be serious: " . . . reality is a nice place to visit, but you wouldn't want to live there." It is the sentimentality, perhaps even more than the lie, that is offensive; and the cheapness of the effect.

The reality that Barth disdains is the society of other people, who present themselves to us with the manners that we share as human beings, in the estate that is the field of our common and cultivated behavior. It is in our encounters in this society that we discover both the complexity of our lives and the means with which to cope with that complexity.

It is our estate, the place that we have made for ourselves, that has been banished from our art and our literature. Novels used to present a picture of society at work, and of the negotiations of the individual with it; but they have now lost almost all interest in the social. In short, an idiom of our literature—what it chooses to talk about in the voice in which it chooses to talk—has been allowed to oust the idiom of our everyday lives—what we in fact talk about, in the voice in which we actually talk. We imagine our commonplace world as if it is as empty and meaningless as it is represented in our literature. It is extraordinary that in our actual existence we have been willing to capitulate to an artistic idiom, that we have allowed what has happened in the novel to happen in our lives.

The twin vision of Henry Miller in *Tropic of Cancer* is now commonplace and facile. American society means to him "the ubiquitous bathtub, the five- and ten-cent-store bric-a-brac, the bustle, the efficiency, the machinery, the high wages, the free libraries, etc. etc." Against this he sets what? "I made up my mind that I would hold on to nothing, that henceforth I would live as an animal, a beast of prey, a rover, a plunderer"; and in all this he would find "above all, ecstasy." As long as this remains the voice of so much of our art and literature, we cannot look to it for help in reimagining our estate, and the relationships of ourselves in it.

There is an urgent need for our culture, and for American culture in particular, to return from myth to actuality, from a concern with ultimacies and extremities to a care for the daily round and things as they are, from the self in its-self to the individual in his society, from an obsessive interest in personal relationships to a decent curiosity about social relationships. That the need is felt is clear, not only from the popularity of "pop" sociology, but from the engagement of a novelist such as Truman Capote in what has been called the "new journalism," and in the audiences for the serialization on television of a novelist such as Galsworthy, whose interest was in the relationship between the individual and his society.

We need to return, from god, from nature, from the self, to our estate; from the unknown, which they all are, to what we can know, and use. As we gaze and reflect on the society of the spoiled child, it seems indeed that the individual has achieved the opposite of what was promised, not the realization of the self, but its palsy. ■

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political book notes

Public affairs books to be published in November

Act of Vengeance: The Yablonski Murders and Their Solution. Trevor Armbrister. Saturday Review/Dutton, $10.95. Ambrister tells us the full and horrifying story of the Yablonski murders (Jock Yablonski ran against United Mine Workers president Tony Boyle in 1969, lost, and was then murdered with his wife and daughter in an "act of vengeance"). The lengthy section describing how, step by step, police, FBI and prosecutors led by Special Prosecutor Richard Sprague worked their way up the chain of command, convicting first the gunmen and finally Tony Boyle himself, is as morally satisfying as the murders were outrageous.

Armbrister lets the events speak for themselves, but at times he seems too unemphatic, as he chops from episode to episode, sometimes failing to discriminate in emphasis between the dramatic and the trivial. But where the narrative lags, the events themselves are sufficiently arousing to ensure that the reader will keep turning the page. A commendably thorough job.

The American Testament. Mortimer J. Adler, William Gorman. Praeger, $7.95.

The Arabs: Their History, Aims and Challenge to the Industrialized World. Thomas Kiernan. Little, Brown, $12.50.

Asia and the Road Ahead. Robert A. Scalapino. University of California, $10.95.

Don't Make No Waves . . . Don't Back No Losers: An Insider's Analysis of the Daley Machine. Milton Rakove. Indiana University, $10. Residents of Chicago enjoy provoking do-gooders with statements like "Politics is about picking up the garbage." Only rarely do they add the Chicago corollary: "If you want your garbage picked up, vote Democratic." This book, by a Chicago resident, uses the garbage thesis to argue that Chicago is "better governed than any other city in America." Many people are saying the same thing these days, but the author has an unusual combination of expertise. He spent many years in the Daley machine, marching in the annual St. Patrick's Day parades and running, mostly unsuccessfully, for various local offices. He is also a professor of political science at the University of Illinois at Chicago Circle. His case for machine politics is almost convincing. As Rakove says, the personal accountability afforded by the machine's network of precinct captains and politicized garbage men is often preferable to the tyranny of the unionized civil service that has replaced the machines in most American cities. His contention that the Chicago machine will survive the migration of white Chicagoans to the suburbs is also interesting—if debatable. But one misses in this book the critical stance of Mike Royko's *Boss*, which conveyed Daley's poli-

The State of the Presidency

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tical mastery while remaining skeptical about whether the "little guy" has been its chief beneficiary. Perhaps Professor Rakove still has dreams of being slated as an alderman.

From Three Cents a Week . . . William H. A. Carr. Prentice-Hall, $10.

The Great American Medicine Show. Spencer Klaw. Viking, $10.

The Last Days of the Club. Chris Welles. Dutton, $15. "The Club" is the New York Stock Exchange and this book describes why it is in so much trouble. Ever since the Buttonwood Tree Agreement of 1792, Wall Street brokers have monopolized the securities market by imposing fixed commission rates. In the last five years, the system of fixed rates has crumbled before the onslaught of two forces: the rise of large institutional investors, trading in huge blocks; and the development of computer technology. Welles teases out the significance of these two developments. The institutional investors—insurance companies, pension funds, mutual funds—replaced the individual investors of an earlier day. Where individuals could be manipulated into accepting fixed brokerage fees, the fund managers (whose bulk trades were giving brokers a profit margin of 58.2 per cent on a 10,000-share deal) could not. The forces of price competition, stifled for so long by the Exchange, began to surface in the 1960s (in bizarre ways at first) and finally ruptured the fixed rate system last year. Cybernetics poses an even more fundamental threat to the NYSE, since the function of the Exchange's auction floor can be performed better, quicker and cheaper by computers. To take one example, the Over-the-Counter market used to employ 300 people to prepare each morning's quotations. Today a computer does the same work using only 40 technicians.

This is an excellent book, essential to an understanding of why the stock brokers are screaming about a "capital crisis" (see the article in this issue of *The Washington Monthly*). When they say that the economy is threatened with ruin because of a decline in equity finance, what the brokers mean is that Wall Street is dying. Welles is inclined to say "Good riddance." And after reading his book, it's hard to disagree.

The Little Victims. Howard James. McKay, $10.95.

"MO": A Woman's View of Watergate. Maureen Dean with Hays Gorey. Simon & Schuster, $8.95.

My Life. Golda Meir. Putnam, $12.50.

The Myths of National Security. Arthur M. Cox. Beacon Press, $9.95.

Not For the Poor Alone: European Social Services. Alfred J. Kahn, Sheila B. Kamerman. Temple University Press, $10.

Power Shift: The Rise of the Southern Rim and Its Challenge to the Eastern Establishment. Kirkpatrick Sale. Random House, $12.95. Most analyses of Watergate have emphasized the tragic flaws of judgment and character of its participants and drawn grand moral lessons about the nature of man, or at least the institutions of American democracy. *Power Shift* doesn't. Sale argues that Watergate was an entirely rational outcome of a split in the American ruling elite. The Nixon presidency, he says, represented the coming to power of the "Southern Rim"—a rising business elite drawn from the defense-related industries of the South and Southwest. This class confronted the old elite—the New York-based, finance-oriented, Eastern Establishment. The fundamental battle was over Vietnam, and the abuses of Watergate developed from the Rimsters' zealous pursuit of the war, in which they had a decisive material interest. The Eastern Establishment, having little material interest in the war, wanted out; and the Rimsters stopped at nothing—including the Constitution—in suppressing the protest of the "pointy-heads." For a time, they were remarkably successful. But in the end, the Eastern Establishment, led by *The Washington Post* and various lawyers, staged a bloodless coup d'etat, exiling Nixon back to the Southern Rim.

Sale's argument is not new. Carl Oglesby spoke of a "Yankee-Cowboy" split years ago in trying to explain the division of elite opinion over the Vietnam war. And two years ago, Sale himself wrote a clever little essay on the subject, entitled "The World Behind Watergate," for *The New York Review of Books*. It made better reading as a polemical *tour-de-force* than it does here in an extended book-length argument. The problem with this sort of Marxist analysis of classes and their interests is that when taken far enough, it seems to imply conscious decisions on the part of vaguely defined collective groups. Sale speaks of the Rimsters' assertion of self-interest and the "Eastern Establishment's" counterattack as if leaders of the two groups were meeting in Los Angeles and New York to plot strategy. History, alas, is not so simple, and Watergate probably tells us as much about the effects of personal eccentricity on political events as it does about the socio-economic character of America. Still, this book is a healthy antidote to the fatuous moralizing of so many Watergate commentaries.

The Promise and the Performance: The Leadership of J. F. K. Lewis J. Paper. Crown, $9.95. The author discerned a need for "a dispassionate study of John Kennedy's presidency which relies on some general criteria to measure a President's effectiveness," and has turned in a 400-pager. "Was he a good President?" Friends

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and colleagues would ask Paper, while he was working on the book. Hard to say, he tells us. There are so many criteria to consider. Criteria, criteria, criteria. There is so much talk of criteria, and so much hedging ("This does not suggest that. . . ," "To raise the difficulties in. . . is not to dismiss the relevance of. . . .") that the reader finally becomes frustrated. Perhaps this is appropriate because Paper concludes that "frustrating" is the best description of Kennedy's presidency.

In a nutshell, Paper tells us that Kennedy a) had good intentions, but b) these intentions were frustrated by the limitations of the presidency and c) these frustrations linger with us.

This book is for the student of government rather than the Kennedy-lover.

The Public Image of Big Business in America, 1880-1940: A Quantitative Study in Social Change. Louis Galambos. Johns Hopkins, $15.

Special Envoy to Churchill and Stalin 1941-1946. Averill Harriman, Elie Abel. Random House, $15.

Steel Titan: The Life of Charles M. Schwab. Robert Hessen. Oxford University Press, $14.95.

"They've Killed the President": The Search for the Murderers of John F. Kennedy. Robert Sam Anson. Bantam, $2.50.

Up From Communism: Conservative Odysseys in America. John P. Diggins. Harper & Row, $15. The intellectual basis of conservatism in America since the 1930s is worth a careful look, and Professor Diggins of the University of California has obviously done painstaking research. His book "focuses specifically on the ideological careers of four important American writers: Max Eastman, John Dos Passos, Will Herberg and James Burnham," who were chosen "because they underwent the complete shift from the Old Left of the 1930s to the New Right of the 1950s" ("without so much as pausing at the 'Vital Center' ").

The book is too much a product of the academy, however, to run the risk of straying very far beyond an academic audience. It seems, finally, that Diggins' intent is not so much to make a point himself as to make fine comparisons, the act of comparing and contrasting being an academic enterprise which sometimes seems to take on a life of its own.

"With Eastman, however," we read, "we find no suggestion of Herberg's quest for moral authority and existential freedom; nor do we see, as in Dos Passos' career, the pattern of generational rebellion and subsequent filial reconciliation."

Most of the book *is* livelier than that. But Diggins' voice, with its tiny ironies, tends to get lost as he "illuminates the dynamics" of his protagonists.

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